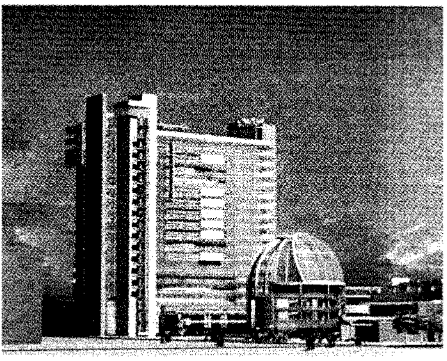
City Service Area

Strategic Support



Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.*

The Strategic Support CSA has ownership and responsibility for leading and managing the city organization in a manner that facilitates the innovative and efficient delivery of services and programs to customers. This CSA develops and enables strategies that facilitate the City Council's vision for the community. The strategic support elements of the CSA promote the organization's business goals by:

- Recruiting and developing a high performing workforce;
- Building and maintaining the capital assets of the organization;
- Providing effective state-of-the-art technologies as a resource for staff and customers; and
- Securing and managing the fiscal resources required to deliver services and programs.

Through these collective efforts, partners in this CSA provide the leadership, direction and resources required to modernize the organization while at the same time sustaining and continuing to enhance the quality of life for the entire community of San José.

Primary Partners

Employee Services
Finance
General Services
Information Technology
Public Works
Retirement Services

CSA OUTCOMES

- A High Performing Workforce that is Committed to Exceeding Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, Materials and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

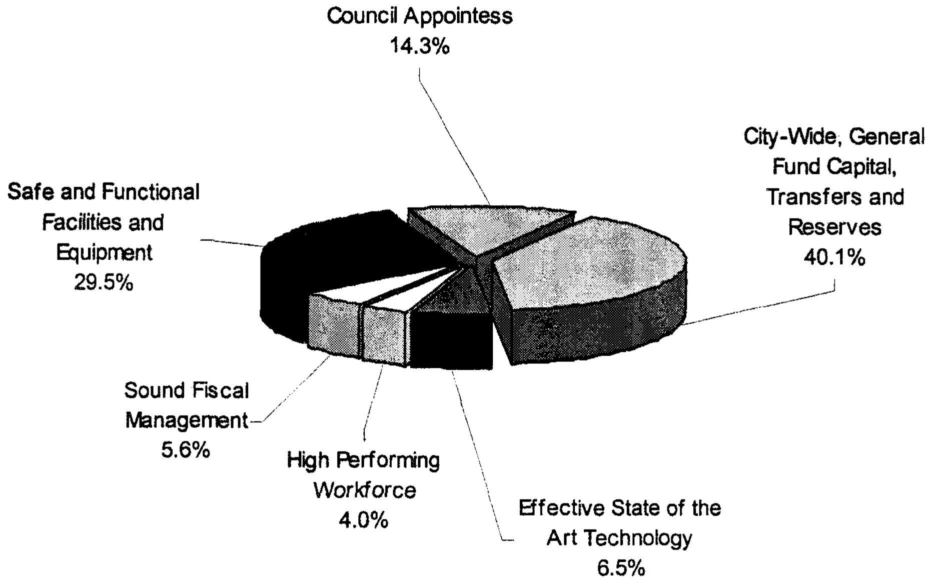
Budget at a Glance

	2004-2005 Adopted	2005-2006 Adopted	% Change
Total CSA Budget (All Funds)	257,751,897	269,905,127	4.7%
Total Authorized Positions	1,054.33	1,050.10	(0.4%)

Budget & Performance Highlights

- For the first time in ten years, workers' compensation costs are projected to be lower than the previous year. Current-year new workers' compensation claims are projected to be down 7.5% from last year and costs are projected to be down 8%. The two major drivers for the declining costs are the management of a coordinated, proactive City safety program and the implementation of the new state workers' compensation reforms.
- Although a benefit to the General Fund, the elimination of vehicle replacement funding for the general fleet will challenge Fleet Management staff to maintain an aging fleet while limiting service impacts.
- The completion of City Hall will bring online the most high profile structure and the most complex building system of any facility in the City inventory. Resources are allocated in the Adopted Budget to maintain and operate this facility.
- Despite the economic downturn, the City's Capital Improvement Program (CIP) remains strong with a 2006-2010 budget of approximately $2.1 billion. Staff awarded 120 construction contracts and completed 185 projects during 2004-2005.

2005-2006 Total Operations by Outcome



City Service Area Budget Summary

Dollars by Core Service	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Administer Retirement Plans	$ 1,794,847	$ 2,076,190	$ 2,239,738	$ 2,399,310	15.6%
Debt and Risk Management	1,289,554	1,212,668	1,234,307	1,234,307	1.8%
Disbursements	1,382,808	1,513,192	1,642,336	1,642,336	8.5%
Employee Benefits	1,897,413	1,849,423	1,854,615	1,877,615	1.5%
Employment Services	988,658	988,304	1,229,980	1,126,922	14.0%
Facilities Management	12,609,711	11,495,782	11,711,590	16,632,046	44.7%
Financial Reporting	1,455,151	1,611,550	1,662,229	1,569,819	(2.6%)
Fleet & Equipment Services	14,141,314	14,808,271	15,952,776	15,952,776	7.7%
Health and Safety	2,901,952	3,235,332	3,234,748	3,218,435	(0.5%)
Manage and Support the Info. Tech. Infrastructure	5,520,705	6,949,410	8,361,656	8,144,656	17.2%
Plan, Design and Construct Public Facilities and Infrastructure	34,607,187	28,991,588	30,324,021	28,832,493	(0.5%)
Provide Enterprise Tech. Systems and Solutions	4,529,761	4,815,543	4,390,113	4,482,614	(6.9%)
Purch. And Mat'l Management	2,580,141	2,709,753	2,471,805	2,471,805	(8.8%)
Revenue Management	4,038,655	4,902,140	4,880,038	5,243,438	7.0%
Support Departmental Technology Services	2,993,025	3,179,224	1,934,071	1,934,071	(39.2%)
Training and Development	256,162	262,521	195,421	195,421	(25.6%)
Strategic Support	19,622,795	18,994,593	15,317,959	14,157,766	(25.5%)
Subtotal	**$112,609,839**	**$109,595,484**	**$108,637,403**	**$111,115,830**	**1.4%**
Mayor, City Council and Appointees	**$ 30,204,733**	**$ 32,676,304**	**$ 34,756,272**	**$ 34,881,990**	**6.8%**
Other Programs					
City-Wide Expenses	$ 35,302,289	$ 47,048,450	$ 48,349,745	$ 55,492,606	17.9%
General Fund Capital, Transfers and Reserves	3,040,479	68,431,659	44,658,000	68,414,701	(0.0%)
Subtotal	**$ 38,342,768**	**$ 115,480,109**	**$ 93,007,745**	**$ 123,907,307**	**7.3%**
Total Strategic Support	**$181,157,340**	**$257,751,897**	**$236,401,420**	**$269,905,127**	**4.7%**
Authorized Positions	**1,136.90**	**1,054.33**	**1,062.45**	**1,053.60**	**(0.1%)**

Current Position *How are we doing now?*

- Over the past three years Strategic Support functions have been reduced significantly, thereby adversly impacting the CSA's ability to effectively provide equitable support to an organization of this complexity and size. These reductions are beginning to effect other CSAs provision of direct services to the community. The Public Safety CSA, for example, has expressed concerns about the impact of dwindling strategic support resources on their ability to support mission-critical systems.

- Projections for 2004-2005 indicate that the City will have difficulty meeting all of the minimum maintenance standards necessary to fully protect facility assets from premature and costly system failures. The CIP does not adequately address all infrastructure needs and there continues to be a backlog of deferred maintenance in the key facilities not addressed by the CIP. Currently only 18% of the public facility inventory has a condition rating of 4 or better on a scale of 5.

- The CSA is going through a major reorganization. The "Purchasing" and "Materials Management" core services have been consolidated and shifted from the General Services Department to the Finance Department. The Radio Communications Program has moved from the Information Technology (IT) Department to the General Services Department.

- Completion of the New City Hall (NCH) represents an unprecedented level of investment in technology. This facility will support an effort currently underway to transform the City into an organization which operates under a seamless customer-centric service delivery model. The workload of the City's IT resources continues to expand while staffing levels to support the workload continue to decrease.

- To date the organization has managed to maintain very favorable bond ratings (the highest for a large California city with a population over 250,000) in spite of an economic downturn that has allowed the continued financing of capital projects at the lowest possible costs.

- Employee Services has facilitated seven executive recruitments for key City positions in 2004-2005: Independent Police Auditor, San José Redevelopment Agency Director, Aviation Director, Chief Purchasing Officer, Chief Information Officer, Deputy Director of Employee Services, and Assistant Director of Environmental Services. Five of the seven recruitments were handled by search firms and two were handled by Employee Services staff.

- In response to funding reductions of more than 63% in the past three years, city-wide training efforts continue to focus almost exclusively on the enhanced leadership academy, the supervision and leadership academy, a new mentorship program, and the new employee orientation. Classes on computer, analytical, and communication skills continue to be offered at a minimum level.

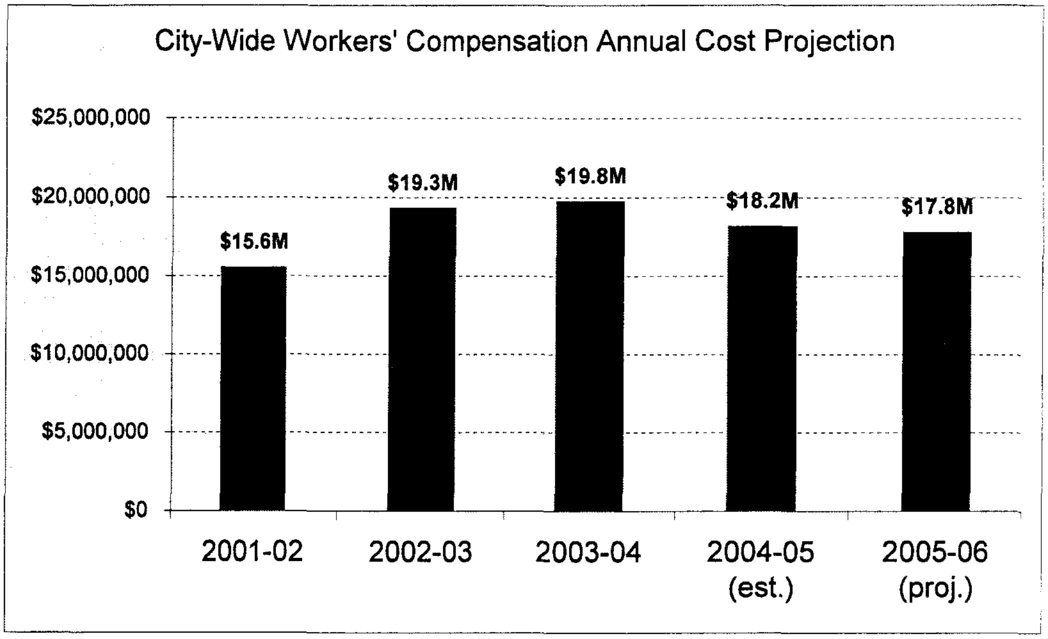
- An ethics study session was presented to the Mayor and City Council and training sessions were given to over 500 management, senior and executive staff during 2004-2005. Plans are underway to expand the training city-wide during the upcoming year.

- Fleet Management has worked with departments to identify opportunities to optimize the size of the entire City's fleet of vehicles and equipment. As a result of these efforts approximately 178 vehicles have been removed from departments' inventory over the past two years and have been retired or redeployed. This is an ongoing activity with the goal of optimizing the City's vehicle and equipment resources to ensure efficient service delivery.

- The Information Technology Department has realigned resources to focus on City Service Areas and the Information Technology Planning Board (ITPB). This reorganization in conjunction with a revised ITPB charter will place more emphasis on city-wide technology master planning and project delivery.

Current Position *How are we doing now? (Cont'd.)*

- Infrastructure improvements throughout the City are being provided by the City's five-year CIP. The program is one of the largest in the City's history - valued at $2.1 billion and consisting of a total of 744 projects and programs, all of which must be managed and delivered on time and on budget by this CSA. The successful implementation of the program will be reported through the newly developed Capital Projects Management System.
- Finance, Information Technology and Environmental Services staff continue to work on the integrated Consolidated Utility Billing System. This project will create the City's newest enterprise information system that significantly enhances customer service and potentially provides the backbone to meet other customer and billing system needs.
- For the first time in ten years, workers compensation costs are projected to be lower than the previous year. This success is the result of working collaboratively with departments to implement a risk reduction program and recent reforms to state workers' compensation laws.
- Last year, as of June 30, 2004, the Investment Program produced a rate of return of 16.5% for the Police and Fire Retirement Fund and 16.6% for the Federated Retirement Fund, which exceeded the actuarial assumed rate of return of approximately 8% for each fund. The investment program's rate of return was also higher than the average public fund plan, which returned 15.8%.



Selected Community Indicators *What external conditions influence our strategies?*

- 2003 City of San José Community Survey found that 78% of the public rated their experience with the City of San José departments and employees as very satisfied to somewhat satisfied; 73% rated the overall quality of services provided by City of San José as very satisfied to somewhat satisfied.
- 2004 Finance and Technology Customer Survey found that 85% of City employees surveyed had the technology they needed to meet their service delivery needs.
- General obligation bond ratings – Aa1 (Moody's) and AA+ (Standard & Poor's and Fitch).
- As supported by the City's own experience with San José Permits Online, the use of e-government services are becoming increasingly popular. An estimated 75% of the U.S. population living in households equipped with a fixed-line phone had Internet access, up from 66% in February 2003.
- According to JiWire.com, a San Francisco Company that monitors wireless fidelity (WiFi) locations, San José has 156 locations.

Trends / Issues / Opportunities *What developments require our response?*

- Over the next fiscal year the City CIP effort will further increase the public building inventory by an additional 35%, primarily as a result of New City Hall. While resources were added for the New City Hall, the level of resources added can only support the most basic level of building maintenance. Staff will be challenged to utilize these resources carefully, to avoid possible unplanned utility service interruptions, costly system failures, and unplanned facility closures.
- The New City Hall has added approximately 530,000 square feet of public space to the facility asset inventory. In addition the facility, which is "state-of-the-art" in design and functionality, mandates a new level of maintenance and support capability.
- To ensure the most effective delivery of services, the CSA will cultivate partnerships with each direct service delivery CSA as an integral part of the CSA's method of providing core support functions. Strategic affiliations provide the facilities and the services needed by the customers and the organization that might not otherwise be delivered independently.
- The 2004 Employee Survey was conducted in December 2004. Approximately 3,100 employees, or 42% of the workforce, participated in the survey. Selected results are as follows:
  - 51% of employees say that the City values them as an employee.
  - 86% of employees are familiar with the Code of Ethics. 73% agree that they would be comfortable raising questions or concerns about ethics with their supervisors. 53% are aware of other options offered by the City for dealing with issues of ethics.
  - Strategic Support services were rated in terms of their importance in helping City employees provide service to the San José community. Results are as follows:
    - 75% rated *computer technical support services* as important or extremely important;
    - 61% rated *workplace health and safety services* as important or extremely important;
    - 54% rated *building maintenance services* as important or extremely important;
    - 52% rated *purchasing parts, supplies and materials* as important or extremely important; and
    - 39% rated *fleet and heavy equipment maintenance services* as important or extremely important.

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- The CSA is engaged in establishing itself as the manager of vehicle utilization and replacement. The challenge will be to establish and implement strategic replacement programs and a utilization mitigation plan that does not adversely affect the ability of the user departments to deliver services.
- The CSA is also in the process of establishing itself as the provider and manager of the City's voice and data network services. The challenge will be to transition to this service delivery model in an environment where individual departments have had sole responsibility for some of these same services in the past.
- The NCH offers an opportunity for the City to develop a strategy for the deployment of wireless technology that benefits City facilities as well as City residents and businesses.
- The NCH provides an exceptional opportunity to remodel and update the technology infrastructure serving not only the NCH structure, but the entire organization. The NCH will serve as the technology hub for all City satellite locations in the near future.
- It is critical that the City protects existing revenue streams and pursues opportunities for new revenue due to a climate of uncertainty with regards to budgetary actions by other governmental jurisdictions.
- It is critical that the City continue to carry out proactive efforts to promote workplace safety. This program is aimed at reducing costs by preventing injuries and accidents, providing effective workers' compensation claims management, and ensuring that injured employees receive timely and appropriate medical treatment.
- The City must maintain the best possible bond ratings in the current economic environment in order to continue financing capital projects at the lowest possible cost.
- Within the broader area of employee compensation, the medical insurance component is expected to continue to rise at double-digit rates. The City must continue to explore ways to minimize rate increases for itself and for its employees—both through the competitive marketplace and through utilization management.
- The PeopleSoft HR/Payroll system is three versions behind the most current release. In accordance with company policy, PeopleSoft will discontinue application update support for the City's current version in March 2006, 5 years after release. A system upgrade in 2005-2006 will ensure that the City continues to receive essential payroll tax and regulatory application updates.

Policy Framework *What policies guide our strategy?*

- Council Priorities
- Strong Neighborhoods Initiative Priorities
- City Master Plans
- CSA Partner Business Plans
- Economic Development Strategy
- Information Technology Planning Board Charter

General Plan Alignment

Although Strategic Support services are not directly reflected in the City's General Plan, the CSA plays a vital role in ensuring that all City services and programs have the fiscal, physical, technological, and human resources necessary to achieve the goals set forth in the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Strategic Support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

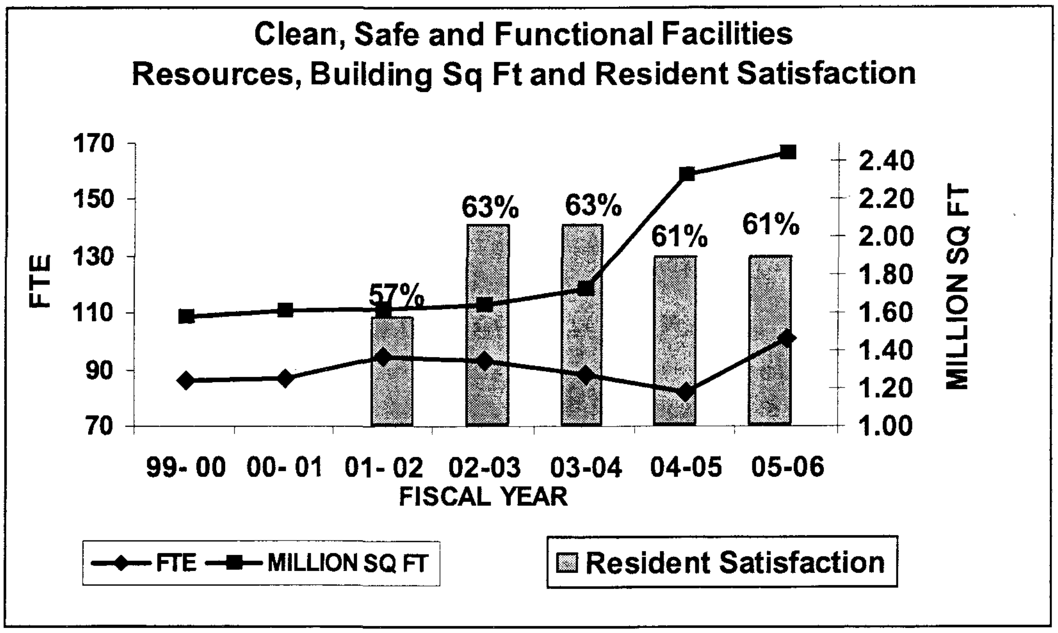
- **Support the Workforce** – The current budget environment dictates that the CSA be strategic in its approach to providing employees with the resources and the working environment conducive to being successful in the provision of services. Strategic goals within this outcome include attracting and retaining qualified employees, conducting a long-range workforce planning and needs assessement, developing supervisors and managers, and promoting a safe and healthy work environment.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

- **Provide Safe and Functional Public Infrastructure and Equipment/Materials** – This CSA must continue to provide well-constructed and maintained facilities and equipment that meet both customer and City staff needs. Due to the budget challenge the CIP project delivery schedule must be scrutinized and opportunities to minimize impacts on operations and maintenance must be recommended while maintaining the level of credibility that the program has established by delivering projects on-time and on-budget. The needs of facilities that are not addressed by the CIP plus the new needs imposed by the CIP building program need to be recognized. Current resources must be leveraged to maximize effectiveness, efficiency, and ensure that the health and safety concerns of the facility users are not compromised. Finally, the CSA will continue to prioritize fleet availability, maximize fleet utilization and procure commodities, services and materials in the most cost effective and timely manner.

- **Japantown Redevelopment** – The CSA is working towards vacating the Main Corporation Yard, located in Japantown, with the eventual goal of demolishing the site and clearing the way for its redevelopment. Funding for the construction of the Central Service Yards Phase II project is included in the 2005-2006 Adopted Capital Budget. This project will expand the Central Service Yard location to make room for support shops currently housed at the Main Corporation Yard. Construction of the Phase II project is scheduled to begin in 2005-2006 and be completed in 2007-2008.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*



Outcome 3: Effective Use of State-Of-The-Art Technology

- **Enable Users** – Effectively deploy and use state-of-the-art technology and actively encourage other CSAs to use these tools for the greater good of the entire organization.
- **Standardize and Consolidate** – Identify opportunites to merge databases, consolidate resources, and encourage the use of City technology standards that can be supported by leveraging existing resources.
- **Network Availability** – Maintain availability and support for network/telecommunication operations to ensure availability of systems to employees and customers by streamlining operations wherever possible.
- **New City Hall** – Take advantage of the opportunity provided by the New City Hall to establish the appropriate infrastructure foundation needed for the implementation of e-government initiatives to provide better, faster and more efficient customer interaction with residents.
- **IT Master Planning** – Facilitate the establishment of city-wide information technology standards and optimize the City's technology investments through implementation of an effective IT Master Plan.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

- **Maintain strength of the City's financial position** – This CSA must continue to ensure that the City's financial resources are protected and available to address short and long-term needs of the community. At a minimum, the following objectives must be maintained in support of this goal. This goal is accomplished by proactively billing and collecting revenues due to the City, by maintaining excellent bond ratings to facilitate financing for the Capital Improvement Program at the lowest possible cost, by maintaining adequate insurance at the lowest cost and best coverage possible, by facilitating timely and accurate disbursements, and by providing accurate and timely financial reports.

Overview

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery. The extended budget challenges created by the current economic environment has resulted in further reductions for this CSA. Such reductions challenge the delivery of core services that this CSA is charged with providing to the organization. The Strategic Support CSA is committed to continue to deliver basic services that support the organization. To accomplish this the CSA will:

1) ***assign priority to key strategic support core services;***
2) ***collaborate with line CSAs to safeguard strategic support core services;***
3) ***utilize alternative funding sources where practical; and,***
4) ***strategically implement service reduction cuts that account for and assess the impact to customers and employees.***

Key Investments & Objectives *How will we accomplish our goals?*

Investment strategies are briefly outlined below and linked to CSA outcomes and performance goals.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

Year 1: 2005-2006 – *Planned Service Strategies*

- **Workforce Reductions** – Organizational downsizing will occur for the fourth year in a row. Staff will administer employee reassignment, bumping, placement and layoff processes as necessary, fairly and efficiently.

- **Training and Development** – The implementation of a management development program remains a critical strategy in managing the organization's imminent "talent crisis" caused by an aging workforce. Resources will continue to focus on priority employee and management development programs: the Leadership and Supervision Academy, the expanded leadership academy ("The Art and Practice of Leadership"); New Employee Orientations and establishing a mentoring program. In addition, ethics training, which has been provided to the Mayor, City Council and over 500 management, senior and executive staff, will be provided to all City employees.

- **Employment Services** – Staff will continue to ensure that recruitment and hiring processes needed for critical vacancies are completed timely and effectively. In addition non-recruitment transactions must be maintained for the normal operations of the City organization, including coordination with the Payroll Services section. Reductions in clerical support and the elimination of the Return-to-Work coordinator position will shift added workload and responsibilities to remaining staff.

- **Health and Safety** – Building on the success of the last three years, management of the risk reduction program will continue to be a priority. Staff will continue holding quarterly meetings with high-risk departments to review injury trends, costs, and statistics and to recommend related prevention trainings and/or evaluations. With the elimination of a dedicated ergonomics position, the CSA will no longer provide preventative ergonomics trainings, evaluations, and remedial actions for employees. Evaluations and remedial actions will still be performed as a part of an active workers compensation claim and when required by OSHA.

- **Administer Retirement Plans** – Staff will deliver retirement benefits to retired employees of the City of San José and market the retirement plan to active and future employees. Staff will continue to maintain a fiscally sound investment of assets in the retirement plans.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations (Cont'd.)

Year 2: 2006-2007 – *Projected Service Strategies*

- **Training and Development** – Additional reductions that may be necessary will limit the CSA's ability to provide training and development programs for City employees and managers. To the extent possible, resources will focus on training programs that enhance workforce succession efforts such as supervisory and leadership training and a mentoring program while maintaining New Employee Orientations.

- **Health and Safety** – Continued budgetary pressure threatens the proactive services which have been successful in reducing injuries and controlling workers' compensation costs. To the extent possible, efforts will continue to focus on overall cost savings through the risk reduction program and the implementation of new workers' compensation legislation.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

Year 1: 2005-2006 – *Planned Service Strategies*

- **Fleet Management** – The revised transport policy will implement utilization standards that will result in a reduced fleet size and a revised strategic replacement program. Eliminating vehicles with minimal utilization and maximizing the sharing of fleet resources will be pursued. Service priority will continue to be focused on the public safety fleet and critical service equipment requirements.

- **Facilities Management** – Facilities Management will manage required reductions in service levels with a focus on addressing health and safety concerns, but there will likely be detrimental impacts on timely service delivery with the potential for increased costs for repairs due to unplanned system failures. Lastly, customer satisfaction may decrease if system failures result in unplanned facility closures. The reliance on alternate funding sources and closing old, dilapidated facilities will be required strategies as resources continue to decline and as square footage increases.

- **Material and Procurements** – The CSA will continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts and the utilization of cooperative procurement contracts. In the interest of aligning with the City's Economic Development Strategy, the CSA will continue outreach efforts to local, small businesses.

- **New City Hall** – The Operations and Maintenance Plan for the New City Hall will leverage existing City resources to the maximum extent possible. Additional resources are included in this budget to align the Operations and Maintenance Plan with the mission and functionality of the facility.

- **Capital Project Delivery** – Lead the effort to coordinate, manage and account for the delivery of capital projects. However, due to the reduced ability of the organization to maintain and operate some of the newly constructed or improved facilities, the CSA will strategically align project delivery with projected operations and maintenance expenditures. This outcome will seek ways of maximizing the use of existing staff resources to deliver capital projects as a means of mitigating the impact of staff reductions. In addition, this outcome will continue to explore opportunities to streamline and improve the project delivery process. Technological assets, such as the Capital Projects Management System, will be enhanced to provide staff with additional applications and resources for effective and timely project delivery.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

Year 1: 2005-2006 – *Planned Service Strategies (Cont'd.)*

- **Equality Assurance** – Continue to implement labor compliance to ensure monitoring of every contract with wage requirements to ensure that proper compensation and benefits are paid to workers performing services on City and RDA contracts. Despite staff reductions in this section, service level impacts will be limited. Dollar thresholds for contracts that will be monitored have been raised to ensure that larger contracts are still monitored at the same level as they currently are.

Year 2: 2006-2007 – *Projected Service Strategies*

- **Fleet Management** – Continue to align fleet utilization standards and strategic replacement program efforts to right size the City fleet.
- **Facilities Management** – To be proactive in development stages of new facilities to ensure that design and finishes take into account ease of maintenance and use of materials that will withstand heavy and intensive use.
- **Material and Procurements** – Continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts and the utilization of cooperative procurement contracts.
- **Capital Project Delivery** – To seek continuous improvements to the project delivery process and explore opportunities to reduce the barriers that may interfere with the effective and timely delivery of capital projects. Continue to maximize the use of staff resources to ensure the delivery of projects within agreed upon time and cost commitments.

Outcome 3: Effective Use of State-Of-The-Art Technology

Year 1: 2005-2006 – *Planned Service Strategies*

- **Technology Services** – Implement consolidated information technology operations and support for the New City Hall.
- **Enterprise Applications** – Standardize and consolidate databases for use in multiple enterprise-wide applications.
- **Network Availability** – Reduce the CSA's budget for supplies, maintenance and support agreements by recognizing efficiencies and balancing the risk to network or system availability with service level impacts to customers.
- **IT Governance** – Administer citywide IT oversight through the assignment of CSA technology service representatives who will be responsible for developing CSA IT Master plans and advocating on behalf of each CSA in the Information Technology Planning Board approval process.
- **Technology Customer Support** – Refine the consolidated IT customer service delivery model for implementation at the New City Hall.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 3: Effective Use of State-Of-The-Art Technology *(Cont'd.)*

Year 2: 2006-2007 – *Projected Service Strategies*

- **Further Consolidation** – Investigate the possibilities of consolidating application programming resources to offer pooled support for department specific computer applications.
- **Technology Customer Support** – Assess service delivery after one year at the New City Hall to determine and implement new efficiencies.
- **Technology Master Plans** – Strategically plan and implement city-wide IT technology resources to better leverage investments for the benefit of the entire organization via an effective master planning process.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Year 1: 2005-2006 – *Planned Service Strategies*

- **Revenue Management** – Proactively and aggressively pursue protecting existing citywide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. Strategies include proactively pursuing the collection of delinquent accounts, working collaboratively with other City departments to assure the highest level of revenue collection is achieved, conducting revenue compliance reviews, continuing to integrate a utility billing, continuing a special business tax compliance project (Business Information Management System leads) and implementing a business tax amnesty program.
- **Debt Management** – Continue the goal of maintaining the City's excellent bond ratings of Aa1/AA+/AA+ (Moody's/Standard & Poor's/Fitch), in spite of the current economic downturn, in order to continue financing capital projects at the lowest possible cost.
- **Risk Management** – Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible. Provide insurance clearance for contracts and billing for subrogation recovery.
- **Disbursements** – Facilitate timely and accurate payment of the City's financial obligations.
- **Financial Reporting** – Provide key critical reporting needs for Council and management decision making. The main focus will be to provide timely reporting on the City's monthly financial reports and the Comprehensive Annual Financial Report (CAFR).
- **Human Resources/Payroll System** – A system upgrade to the Oracle/PeopleSoft payroll system will ensure that the City stays current with necessary updates and support. Without this upgrade, Oracle/PeopleSoft will discontinue application update support for the City's current version in March 2006. The application updates include essential Tax Table change information, W2 printing program updates, and all federal and state regulatory changes which affect payroll processing. In addition the upgraded system will include more robust funtionality. These improvements provide opportunities to implement additional modules, such as the Time and Labor Reporting, Recruitment Solutions and eTraining, which will further streamline processes, integrate employee information, and eliminate maintenance costs of separate systems.

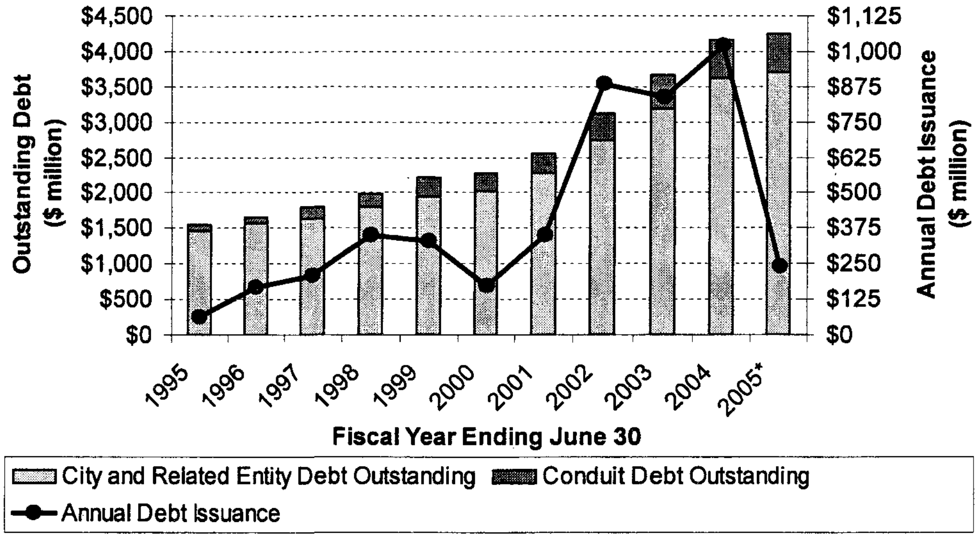
Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

Year 2: 2006-2007 – *Projected Service Strategies*

- **Revenue Management** – Continue to proactively and aggressively pursue protecting existing citywide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty.
- **Debt Management** – Strive to maintain the City's excellent bond ratings in spite of the current economic downturn in order to continue financing capital projects at the lowest possible cost.
- **Risk Management** – Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible. Provide insurance clearance for contracts and billing for subrogation recovery.
- **Disbursements** – Facilitate timely and accurate payment of the City's financial obligations.
- **Financial Reporting** – Continue to provide key critical reporting needs for Council and management decision making.

Ten-Year History of Debt Portfolio and Debt Issuance
*Fiscal Year 1994-95 through Fiscal Year 2004-05**



*Through March 31, 2005.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

Workers' Compensation Claims and Cost Decrease

For the first time in ten years, workers' compensation costs are anticipated to be lower than the previous year. Although the number of claims per 100 FTE's are projected to be greater than targeted, current year new workers' compensation claims are projected to be down 7.5% from last year (1,366 claims in 2003-2004 to 1,263 in 2004-2005) and costs are projected to be down 8% ($19.8M claims in 2003-2004 to $18.2M in 2004-2005). This decrease in new claims paired with new workers' compensation reforms, will save the City an estimated $1.6M in total claims costs for 2004-2005. The City's focus continues to be developing work environments and a management and staff mindset that is focused on accident and injury prevention. The downward trend in claims is significant given that approximately 80% of 2004-2005 claim costs were related to prior year claims. The strategy for reducing workers' compensation costs requires that the City continues to work towards reducing the number of new claims while effectively mitigating open claims and costs.

In the upcoming year, health and safety will continue to emphasize effective planning, efficient use of resources, and collaboration from all levels of the organization to meet the challenges of ensuring a safe workplace, healthy employees, and containment of costs.

2004 Employee Survey

Every two years the City conducts an employee survey to seek input and feedback from all current City employees on overall job satisfaction as well as a number of specific internal services and programs delivered within the organization. Data provided by this survey assists the CSA in developing workplans and priorities which align to the needs of the organization.

This year's Employee Survey was conducted in December 2004. Responses were received from over 3,100 employees or approximately 42% of the full-time and part-time workforce. Results show that employees' overall job satisfaction remains high, at 78%. In addition, 95% of employees agree that they have the skills and knowledge to do their job or that there is a plan to attain them. Selected measures from this survey are reported in this outcome's performance measures. In addition, inter-CSA teams have been formed to gather additional feedback on items in the survey and to develop an action plan for further improvement of ratings. Strategies for continuing to ensure that employee performance appraisals are completed on time and documented in the organization's personnel system will be included in this effort.

Building The Bench – Management Development

In the area of professional development, this CSA continues to lead City efforts to support a well-trained and productive workforce. In particular, this CSA has focused on developing programs to "build the bench" as seasoned executives prepare for retirement.

During 2004-2005 the CSA graduated the first class of the "Art and Practice of Leadership," an advanced course aimed at developing a diverse and highly talented employee group ready to take on the highest levels of responsibility and leadership within the City organization. Highlights and course topics included exemplary public sector leadership behaviors; collaborative communication; ethics; innovation and risk-taking in local government; creating an inclusive work culture; leadership style evaluations including a 360° profile from supervisors, peers and direct reports; three reading assignments on leadership; and a comprehensive team project on a topic directly aligned with City priorities. This highly successful course will be offered again in 2005-2006.

In addition, the CSA has begun the development of a citywide mentoring program to further prepare employees for higher levels of responsibility and leadership. The CSA plans to begin this program in the fall of 2005.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations (Cont'd.)

5 Year Strategic Goals		CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization	1.	Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	<6%	6%	6.6%	<7%	<6.5%
	2.	% of hiring managers rating probationary employees as meets standard or above	95%	NA*	100%	95%	95%
B. Align systems that develop and maintain a high performing workforce	1.	% of employees who agree or strongly agree they clearly understand the performance expectations of their job	82%	80%	80%	80%	82%
C. Develop and encourage supervisors and managers that support a high-performing workforce	1.	% of employees who agree or strongly agree they receive timely, constructive feedback on performance	55%	53%	48%	48%	55%
	2.	% of employees who agree or strongly agree they are provided opportunities to make decisions regarding their job	78%	65%	76%	76%	78%
	3.	% of employee performance appraisals completed on schedule	80%	N/A*	8%**	20%	40%
D. Foster a shared vision with employee representatives about the characteristics of a high-performing workforce	1.	% of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	86%	86%	95%	95%	95%
	2.	% of the public having contact with City employees who are satisfied or very satisfied with customer service based on courtesy, timeliness, and competence	83%	81%	79%	79%	80%
	3.	% of employees who agree or strongly agree they understand the City's vision	80%	76%	76%	76%	80%
	4.	% of employees who agree or strongly agree they understand how their work contributes to a core service	82%	79%	80%	80%	82%
	5.	% of employees who are satisfied or very satisfied with their job	80%	81%	78%	78%	80%
	6.	% of employees who agree or strongly agree the City is a good employer	84%	81%	82%	82%	84%
	7.	% of employees who rate the quality, timeliness, and overall satisfaction with Employee Services as good or excellent	62%	N/A*	60%	60%	62%
E. Provide the necessary and required safety and health services that ensure employees health, safety and well-being	1.	Number of workers' compensation claims per 100 FTEs	18.0	17.5	18.6	18.0	18.0

* New measure: baseline data to be collected in 2004-2005

** Calculations are based on data entered in the HR/Payroll system. The CSA continues to work with departments to bring data collection to 100%

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

Safety First

A common theme in several of the core services of this outcome is the focus on safety first. Health and safety related building issues and public safety fleet availability will continue to be the first priority of this outcome and the core services will strive to ensure that performance targets related to safety will be maintained at 100%.

Maintaining the Building Inventory

The addition of new or rehabilitated building facilities through the City's aggressive capital program has provided for new building space to the existing building facility inventory. However, operating budget reductions this year and over the past three years have reduced the resources used to maintain and support these key infrastructure investments. Currently only 18% of the public facility inventory has a condition rating of 4 or better on a scale of 5. Failure to keep pace with the maintenance needs of the growing inventory will negate the successes of the current capital program and accelerate the need for a large capital reinvestment in the future. With this in mind, this CSA will focus on using current limited resources strategically and continuing to champion the identification and mitigation of the operations and maintenance (O&M) costs associated with the capital program.

New City Hall

With the New City Hall being added to the facility inventory, resources have been added to maintain this high profile investment. However, this facility is unlike any other City facility and it will be a challenge to deliver the high quality service level expected.

Fleet Availability

Fleet availability will be a primary focus as the challenge of identifying an optimum fleet size and implementing modified replacement criteria are addressed.

As the City continues to focus on public health and safety as a first priority, over 80% of fleet services resources will be assigned to support public health and safety to continue to meet the goal of 100% fleet availability for public safety. Although performance targets for general fleet are projected to remain steady, a focus on public safety may impact general fleet measures.

"Decade of Investment"

Despite the continuing economic downturn, the CIP remains strong with a 2006-2010 budget of approximately $2.1 billion. Of the 543 projects included in the 2005-2009 Adopted CIP, 401 are currently active for 2004-2005, with 353 of these projects completed or on schedule. In addition, 120 projects were awarded and 185 projects were completed in 2004-2005. This results in a projected total of 762 projects that citizens of San José would have seen completed from July 2000 through June 2005 and well over $3.6 billion in capital program dollars being put into our local economy.

However, the 2005-2006 General Fund shortfall will have significant impacts on the CIP. General Fund shortfalls continue to mandate that the CSA align project delivery with the City's ability to meet projected O&M expenditures. Some projects with large O&M costs have been deferred to later years.

New capital project performance measures and targets were established for the city-wide capital program and individual CSAs during the last few years. The city-wide capital program results are reported here, as well as this CSA's own results. The established performance targets for the city-wide capital program have been used to set each individual CSA's targets until such time as the actual performance data support changing them to reflect each CSA's ability to achieve their performance goals.

Staff are working diligently to deliver a record number of projects to the citizens of San José. They have been completing projects close to established targets and will continue to strive to meet performance targets. As such, future one-year and two-year performance targets and five-year goals are consistent with current targets until performance data demonstrate that higher targets could be achieved.

The on-time performance data for 2004-2005 is 76% compared to a target of 85% and a performance of 75% from 2003-2004. Some of the reasons that have led projects to extended schedules include: extended

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

"Decade of Investment" (Cont'd.)

community process, coordination with other agencies (utility connections and permits), and difficulties in rehabilitating existing structures.

The CIP is reporting "on-budget" performance for the first time. On-budget performance is measured after all costs have been accounted for a project and includes recordation of project acceptance by the County of Santa Clara. The time frame for project acceptance can be months or sometimes a year or more after a project reaches beneficial use (which is used to measure on-time performance) because of such issues as time to finish punch list items or contractor claims. For projects accepted in 2004-2005, 86% of the projects were delivered on budget as compared to project baseline budgets.

Project delivery costs are being presented for the first time as well. The preliminary estimates show higher delivery costs associated with smaller construction projects. This is largely due to common delivery processes such as bidding, awarding, and community involvement that are necessary for projects of all sizes.

The performance measurement for quality is derived from surveys in which operations and maintenance groups provide their opinions on completed capital projects. Operations groups measure how well the projects function and serve the purposes specified during project scoping. Maintenance groups are asked to rate how sustainable projects are in terms of maintenance.

The first operations and maintenance surveys were conducted for the first time. Because these measurements are new, staff conducted surveys on a representative sample of projects to assess the surveying process. The average survey result of 69% is lower than expected and could be attributed to unanticipated issues on new items installed for the first time in San José, such as a dog park, a skate park, water features, or new types of equipment. Project implementation staff are working with maintenance groups to ensure that current issues are corrected.

The customer satisfaction performance measurement gathers public feedback on completed capital projects. These surveys are conducted after a project has been delivered and is in use. Most CSAs conducted surveys on users of facilities, such as in libraries, parks, and public buildings. Some CSAs conducted surveys of residents and businesses impacted by the construction of the project, as it is difficult to obtain useful public feedback on projects such as sewers, runways, sidewalks, and traffic signals.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. City-wide delivery of quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	76%* 154/202	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	90%	90%	86%** 51/59	90%	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects with construction costs:					
	less than $500,000-	31%	31%	45%	31%	31%
	between $500,000 and $3M-	23%	23%	34%	23%	23%
	greater than $3M-	15%	15%	26%	15%	15%
	Total (all construction projects)-	-	-	29%	-	-
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	69%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	73%	85%	85%
B. Strategic Support CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	85%	85%	100%* 11/11	85%	85%
	2. % of CIP projects that are completed within the approved baseline budget	90%	90%	N/A**	90%	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects with construction costs:					
	less than $500,000-	31%	31%	N/A**	31%	31%
	between $500,000 and $3M-	23%	23%	N/A**	23%	23%
	greater than $3M-	15%	15%	N/A**	15%	15%
	Total (all construction costs)-					
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	80%	80%	TBD***	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	TBD***	85%	85%

---

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

*** The New City Hall was completed in June 2005. As such, customer satisfaction surveys will not start until 2005-2006. The operations and maintenance staff surveys will be conducted during the end of 2005-2006.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
C. Provide well-maintained facilities that meet customer needs	1. % of facilities that have a good or excellent rating based on staff condition assessment	40%	40%	18%	20%	25%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	90%	80%	75%	80%	80%
	3. % of facility health & safety concerns	100%	100%	90%	100%	100%
D. Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	97%	90%	94%	94%	95%
	2. % of fleet in compliance with replacement criteria:					
	• Emergency Vehicles	100%	100%	100%	100%	100%
	• General Fleet	100%	83%	89%	92%	95%
	3. % of service work orders completed within 24 hours:					
	• Emergency Vehicles	65%	58%	65%	65%	65%
	• General Fleet	72%	59%	68%	68%	69%

Outcome 3: Effective Use of State-Of-The-Art Technology

New City Hall a Priority

The primary focus has been planning and implementing the technology for the New City Hall. Integrating, consolidating and leveraging existing information technology resources are key strategic outcomes for this technology planning effort. These outcomes are in direct alignment with the strategic initiative in the Economic Development Strategy to "Make San José a Tech Savvy City; Lead the Way in Using Technology to Improve Daily Life," and support the customer service delivery model and associated organizational transformation envisioned for the New City Hall. At this point, the City is on track to have a converged network that will deliver both voice and data communications, installed at the New City Hall. The criticality of the performance target for network availability will be amplified with the implementation of the converged network and voice services in the New City Hall. Mitigating the risk of the converged network not being available requires the appropriate design and investment in the network infrastructure and training for those individuals who operate and maintain the system.

Impact of Network Availability

Network availability continues to exceed the current target of 98% due to improved virus protection software enhancements. Maintaining availability of core information technology systems like the network is a mission critical function of this CSA outcome. For example, the difference between availability at 99.14% and 99.99% over a one year period represents approximately 100,000 person-hours of time in which staff was unable to access the City's network, resulting in no use of systems like email, intranet, MS Outlook and other applications required for conducting business. As new requirements and demands will be placed on the City's network infrastructure by the New City Hall in 2005-2006, staff is raising the target to 99.99% for the New City Hall network. Network availability in 2005-2006 will be reported separately for the Old City Hall and New City Hall networks.

Risk of network downtime has been increased by recent resource reductions. Spare part inventories have been reduced mandating that replacements for failed network components be ordered and delivered upon need. Maintenance agreements for the network have been purchased at reduced service levels. This could result in longer times to restore the network in the event of failure. In addition, the existing network is meeting the end of its life cycle, resulting in lower reliability, response time, and parts availability, while demands on the system are continually increasing.

New IT Governance Model

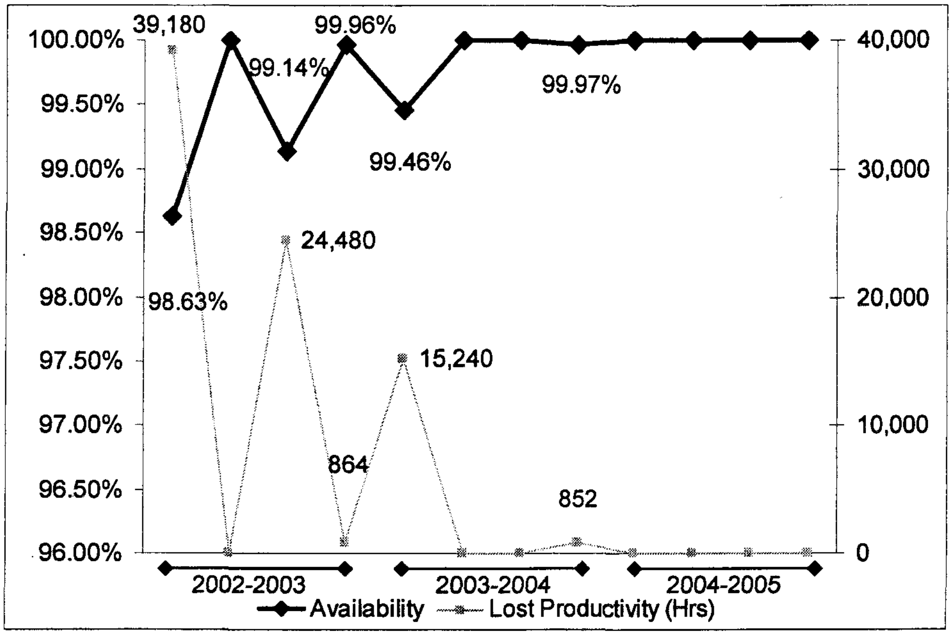
In order to meet the organization's needs while operating within fiscal realities, the Information Technology function is undergoing realignment to a new governance model. A new Chief Information Officer, was appointed in June 2005, and the future Assistant Chief Information Officer will lead the effort to focus on three critical elements: Infrastructure, Enterprise and the CSA Business Specific. CSA service representatives within ITD will more effectively manage city-wide IT investments by partnering with departments in the preparation of individual IT master plans. The master plans will ultimately be approved by the IT Planning Board.

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Deploy technology resources effectively	1. % of communication services available during business hours:					
	- Old City Hall Central Network	99.95%	98%	98.00%	98.00%	98.00%
	- New City Hall Central Network	99.99%	N/A*	N/A*	99.99%	99.99%
	- Telephones	100.00%	100%	99.90%	100.00%	100.00%
	2. % of time system is available during normal business hours:					
	- E-mail	99.95%	100%	100%	100%	100%
	- Financial Management System	99.00%	99%	99%	99%	99%
	- Human Resources/Payroll System	99.00%	99%	99%	99%	99%
	- Call Center System	99.95%	100%	100%	100%	100%
	- Combined availability	99.48%	98.50%	98.50%	98.50%	98.50%
	3. % of managers who say employees have the technology tools they need to support their service delivery functions	93%	85%	85%	87%	90%
	4. % of employees who say they have the technology tools they need to support their service delivery functions	87%	80%	80%	83%	85%

* New Measure for 2005-2006.

Quarterly Central Network Availability Performance and Lost Productivity



Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Bond Rating & Debt Issuance

By maintaining the City's excellent credit ratings, the City continues to provide essential public facilities to the community with low financing costs, saving the City millions. The City has been making significant capital investments in public facilities such as parks, libraries, public safety, the Airport, and its New City Hall. These projects are consistent with implementation of the City's "Decade of Investment," through a $2.1 billion 2006-2010 Adopted Capital Improvement Program, of which approximately 28% is to be financed with bonds. This includes $246.7 million in General Obligation Bonds not yet issued, but authorized by the voters of the City of San José for parks, libraries and public safety facilities. As of March 31, 2005, the City (including related entities and multi-family housing debt [conduit debt]) had over $4 billion in debt outstanding.

It is critical for the City to maintain its excellent bond ratings, which is a key factor in determining the City's borrowing rate (the City's cost of funds). Because the City has exercised sound fiscal management, even during the recent time of economic uncertainty, San José's bond ratings are the highest for a large California city with a population over 250,000. Our excellent credit ratings (Aa1 [Moody's] and AA+ [Standard & Poor's and Fitch]) have already saved the taxpayers over $4 million over the life of the general obligation bonds issued to date, and are estimated to save the taxpayers an additional $3.6 million over the life of the City's general obligation bonds authorized but not yet issued.

Financial Management System

Although the City's current Financial Management System (FMS) is outdated and due for replacement, a steering committee has been charged with developing a low cost upgrade plan for the current FMS as an interim solution since the City's current version was not going to be supported after June 2003; this date has since been extended through December 2005. While these efforts will not meet the long-term financial management reporting needs of the City, they are designed to extend the life cycle of FMS at minimal cost while providing some increased reporting capabilities. Replacing the current FMS system will be explored when the general economic situation improves.

Revenue Generation Projects

As a means to assure a high performing government which optimizes the level of basic and core services provided to the residents and business owners of the City of San José, the Finance Department's Revenue Collection Team has been proactively engaged with several revenue-generating projects. Over the course of the past two years, the Revenue Collection Team has worked closely with citywide departments, the San José community and its business partners to assure the timely and correct payment of moneys used to support City services and activities, including public safety, parks and recreation, library and the transportation infrastructure.

The Revenue Collection Team has helped to maintain adequate revenue streams by:

- Collecting approximately $2.5 million in seriously delinquent (more than 180 days past due) accounts receivable;
- Collecting more than $2.0 million as a result of reconciling the City's Business Tax Certificate database; and
- Collecting more than $1.0 million as a result of performing tax and fee compliance reviews.

Collection of these monies has been integral towards the continuing, high level of services expected by the citizens and businesses of San José.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

5-Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating)					
	• Moody's	Aa1	Aa1	Aa1	Aa1	Aa1
	• Standard & Poor's	AA+	AA+	AA+	AA+	AA+
	• Fitch	AA+	AA+	AA+	AA+	AA+
B. Improve and protect the financial management system and have it available to address short and long-term needs	1. % of customers rating Finance services as good or better, based on accuracy, timeliness and customer friendly processes	90%	90%	85%	85%	85%
C. Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions.	85%	80%	80%	80%	80%

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS**			
Administer Retirement Plans (Retirement Services)			
• Accountant II Staffing Alignment	1.00	92,410	0
• Information System Analyst Staffing	0.38	36,148	0
• Educational Program Staffing	0.50	31,014	0
Employee Benefits (Employee Services)			
• Deferred Compensation Program		23,000	23,000
Employment Services (Employee Services)			
• Employment Services Staffing	(1.00)	(103,058)	(103,058)
Health and Safety (Employee Services)			
• Health and Safety Staffing Efficiencies	(1.00)	(16,313)	(16,313)
Strategic Support (Employee Services)			
• Strategic Support Staffing	(1.50)	(96,782)	(96,782)
Subtotal	**(1.62)**	**(33,581)**	**(193,153)**
Outcome: **SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT**			
Facilities Management (General Services)			
• Facilities Management Staffing Levels	(3.00)	(237,111)	(237,111)
• New City Hall Operations and Maintenance	23.00	5,004,466	5,004,466
• Facilities Management Contractual Services		153,101	153,101
Fleet & Equipment Services (General Services)			
• Radio Shop Funding Shift		0	(93,377)
Plan, Design and Construct Public Facilities and Infrastructure (Public Works)			
• Public Works Capital Improvement Program Staffing	(14.55)	(1,420,498)	0
• Public Works Non-Personal/Equipment and Overtime Efficiencies		(71,030)	(71,030)
Strategic Support (Public Works)			
• Public Works Capital Improvement Program Staffing	(7.18)	(711,308)	0
• Equality Assurance Staffing	(2.00)	(147,401)	(113,389)
• Public Works Overtime Efficiencies		(3,857)	(3,857)
• Telecommunication Contract Management		20,000	122,684
Subtotal	**(3.73)**	**2,586,362**	**4,761,487**
Outcome: **EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY**			
Manage and Support the Information Technology Infrastructure (Information Technology)			
• Maintenance and Support Agreement Efficiencies		(217,000)	(217,000)
• Telecommunications Staffing	1.00	0	0

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
Outcome: **EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY (CONT'D.)**			
Provide Enterprise Technology Systems and Solutions (Information Technology)			
• Geographic Information Systems (GIS) Data Efficiencies		(25,000)	(25,000)
• Imaging Technical Manager	1.00	117,501	117,501
Strategic Support (Information Technology)			
• Deputy Director Staffing Reduction and Reclassification	(1.00)	(142,175)	(142,175)
• Technology Research Services		(8,000)	(8,000)
Subtotal	**1.00**	**(274,674)**	**(274,674)**
Outcome: **SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY**			
Financial Reporting (Finance)			
• Financial Reporting Staffing	(1.00)	(92,410)	(93,538)
Revenue Management (Finance)			
• Rebudget: Business Tax Amnesty Program		228,400	228,400
• Rebudget: Business Information Management System Lead Project		135,000	135,000
Strategic Support (Finance)			
• Financial Services Staffing and Funding Shift	(1.00)	(70,670)	(107,926)
Subtotal	**(2.00)**	**200,320**	**161,936**
Other Changes			
City-Wide Expenses (City-Wide)			
• Arena Authority Consolidation		(48,800)	(48,800)
• Customer Service Call Center Administration		(119,810)	(119,810)
• Community Based Organizations Funding Reduction		(44,636)	(44,636)
• Downtown Employee Parking		(615,600)	(615,600)
• City Manager's Office Appropriations		(19,100)	(19,100)
• Displaced Employees Transition Funds		250,000	250,000
• Payroll/Human Resources Project		1,475,000	1,475,000
• Workers' Compensation Program		(6,586,670)	(6,586,670)
• Miscellaneous Rebudgets		12,852,477	12,852,477
General Fund Capital, Transfers, and Reserves (City-Wide)			
• Capital Contributions: Rebudget of 2004-2005 Projects		5,964,348	5,964,348
• Transfers to Other Funds: Vehicle Replacement/General Fleet		(2,500,000)	(2,500,000)
• Earmarked Reserves: New Civic Center Operating and Maintenance, Computer, and Equipment Reserves Elimination		(6,250,000)	(6,250,000)
• Earmarked Reserves: Salary and Benefit Reserve-Voluntary Furlough and Special Reduced Work Week		(300,000)	(300,000)
• Earmarked Reserves: Salary and Benefit Reserve-Public Safety Compensation		5,000,000	5,000,000
• Earmarked Reserves: Rebudgets		20,984,891	20,984,891
• Contingency Reserve: Rebudget		857,462	857,462
Subtotal	**0.00**	**30,899,562**	**30,899,562**
Total Core Service Changes	**(6.35)**	**33,377,989**	**35,355,158**

2005-2006

OPERATING BUDGET

STRATEGIC SUPPORT
CSA

CORE SERVICES

Service Delivery Framework

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, Materials and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

- Debt and Risk Management
- Disbursements
- Financial Reporting
- Purchasing and Materials Management
- Revenue Management

Employee Services Department

Core Services:

- Employee Benefits
- Employment Services
- Health and Safety
- Training and Development

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization

Public Works Department

Core Services:

- Plan, Design and Construct Public Facilities and Infrastructure

Retirement Department

Core Services:

- Administer Retirement Plans

General Services Department

Core Services:

- Facilities Management
- Fleet and Equipment Services

Information Technology Department

Core Services:

- Manage and Support the Information Technology Infrastructure
- Provide Enterprise Technology Systems and Solutions
- Support Departmental Technology Services

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery

Core Service: Administer Retirement Plans

Retirement Services Department

Core Service Purpose

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans.

Key Operational Services:

- ☐ **Supervise Investment of Plan Assets**
- ☐ **Provide Retirement Planning & Counseling**
- ☐ **Administer Retirement Benefits**
- ☐ **Analyze, Develop & Recommend Retirement Policy**

Performance and Resource Overview

The purpose of the "Administer Retirement Plans" core service is twofold. One purpose is to deliver retirement benefits to the retired employees of the City of San José and educate and market the retirement plan to active and future employees. The other purpose is to maintain fiscally sound retirement plans. The Administer Retirement Plans core service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Customer Expectations.* The Retirement Services Department is organized into the following operational services, which are keys to meeting the mission of the core service:

Supervise Investment of Plan Assets

To maintain a fiscally sound plan, Retirement Services staff supervises the investment of assets in the retirement plans. There are two separate funds, one for the Police and Fire Department Retirement Plan (P&F) and the other for the Federated City Employee Retirement System (FCERS). The investment team monitors the external investment managers and ensures that they comply with the Retirement Boards' investment policies and guidelines. Currently, the investment team oversees $3.5 billion in assets, including eight real estate properties in six states. Strong relationships are established and maintained between staff and the various investment managers, custodian banks and financial consulting firms in order for staff to effectively administer the retirement plans and report on their performance to the Retirement Boards.

Last year, as of June 30, 2004, the investment program produced a rate of return of 16.5% for P&F and 16.6% for FCERS, which exceeded the actuarial assumed rate of return of 8% for P&F and 8.25% for FCERS. The investment program's rate of return was also higher than the average public fund plan, which returned 15.8%. Results were achieved within the policy risk levels for the plans. The priority during the year was to continue to refine the manager structure analysis and rebalance

Core Service: Administer Retirement Plans

Retirement Services Department

Performance and Resource Overview (Cont'd.)

Supervise Investment of Plan Assets (Cont'd.)

the fund toward the secondary target allocations for FCERS, while the P&F Plan completed an asset liability study and initiated a portfolio structure analysis this year. Current targets are as follows:

	P&F	FCERS
Domestic Equities	34%	35%
International Equities	20%	15%
International Emerging Equities	5%	0%
Domestic Fixed income	20%	34%
Long Bonds	4%	0%
Global Fixed	0%	7%
Real Estate	12%	6%
Private Market Equities	5%	3%

The Department continues to work on improving the investment program. The retirement board is taking a more active interest in corporate governance and has become members of the Council of Institutional Investors to further this endeavor. Staff estimates it will monitor 100% of the portfolios for compliance with the Retirement Boards' Investment Policy Statement in 2004-2005. For 2005-2006, the target for compliance will continue to be 100%.

Provide Retirement Planning and Counseling

The Department continues to provide retirement planning and counseling to active and retired employees. Individual counseling is provided to each employee prior to retirement to ensure that they understand the benefits they are eligible to receive. In addition, the Department offers a seven-week comprehensive course geared towards planning and preparing for retirement. The Department also conducts educational programs, including lunchtime brown bag seminars and an evening educational series (CHOICES), that address financial and retirement issues for active and retired members.

In 2004-2005, the Department implemented changes to address customer feedback from surveys conducted in 2003-2004 to better assess the needs and interests of active employees that are not within five years of retirement. Early and mid-career employees indicated that they wanted to see educational opportunities that didn't require a significant time commitment. In response, the Department began offering lunchtime seminars in-lieu of evening programs and covering topics that generated much more interest among these members. For example, classes such as "Buying a Home", "Qualifying for a Loan", and "College Funding" are now available. As a result of these changes, Retirement Services has observed a significant increased retirement planning preparation among the active employees that previously did not participate as frequently in educational seminars offered.

Provide Retirement Planning and Counseling (Cont'd.)

These new lunchtime seminars have generated such a positive response that Retirement Services must also address accommodating the overwhelming demand for popular courses. During the 2004-2005 Proposed Budget process, the Mayor cited concern that class enrollment requests were not being accommodated at a satisfactory rate. In response, the Department has implemented new practices to enable more employees to participate in lunchtime classes as evidenced by the following data:

	Jul 03 to Dec 03		Jan 04 to Jun 04		Jul 04 to Dec 04	
Brown Bag Classes Offered	**15**		**24**		**19**	
Total Enrolled	563	90%	937	70%	839	88%
Total Wait Listed	62	10%	411	30%	118	12%
Total Enrollment Response	**625**		**1,348**		**958**	
Total Attended	310	55%	594	63%	547	65%
Total No Shows	253	45%	343	37%	292	35%
Total Enrolled	**563**		**937**		**839**	
Wait List Accommodated	4	6%	237	58%	104	88%
Wait List Not Accommodated	58	94%	174	42%	14	12%
Total Wait Listed	**62**		**411**		**118**	

Based upon enrollment data collected, the Department began over-enrolling classes by 35%, the "no show" rate during July through December 2004, to accommodate more participants. In addition, new classes were also added, when needed, to serve wait-listed participants.

This two-pronged strategy greatly increased the numbers of customers served by the Department's educational programs. Over the course of an 18-month period, the percentage of employees on the Department's wait list who were accommodated rose significantly from 6% in the first half of 2003-2004 to 88% for the same period in 2004-2005.

In 2005-2006, Retirement Services will continue to administer the educational programs using this strategy, which has been a success. The addition of a part-time Staff Technician is included in this budget to assist the Training Analyst in rolling out "independent living" seminars for retirees and their families was approved. These seminars will address questions about community resources for seniors including the Santa Clara Valley Transit Authority's Outreach Program, the City of San José's Office on Aging, Alzheimer's Association of the San Francisco Bay Area, and Hospice of the Valley, to name a few. These programs and other community organizations will be scheduled to provide free educational seminars to City retirees and their families.

Performance and Resource Overview (Cont'd.)

Administer Retirement Benefits

The Department administers the retirement benefits, including providing retirement checks and direct deposits for retirees, enrolling retirees in the health and dental plans, and accounting for revenue and expenses for the retirement plans.

The cost measure of administrative costs per $1 million of assets compares City administration costs to the average cost of other, similar plans. For 2004-2005, staff estimates the administration costs of City Plans to be 21% below the average cost of other similar plans, exceeding the target of plus or minus 10%. For 2005-2006, the target is set at 14% below the average of other similar retirement plans.

In 2003-2004, Retirement Services completed its transition from the traditional paper filing system to the new Document Imaging and Retrieval System. This system has improved customer service by allowing staff to access member files from their desks. It has also made the office more efficient because staff no longer is required to search for files and more than one person can access the same file at the same time. The Department also converted all of the old files to the new system with no detectable errors in the conversion process.

In 2004-2005, Retirement Services rolled out its new website, www.sjretirement.com. The website allows members to access a variety of information. Members can now run retirement benefit estimates on-line and verify current designated beneficiaries. In addition, members can access retirement benefit handbooks, health and insurance benefit information, retirement applications and forms, training class schedules, and other retirement-related information.

The website has been well received by employees, retirees, and outside agencies, alike. As an information resource, it has improved the Department's delivery of customer service. In particular, the 2005 Open Enrollment process was greatly improved by the availability of on-line information. In November 2004, the website saw a 36% increase in visits related to Open Enrollment. In the course of the month, 549 forms and documents were downloaded from the Open Enrollment section alone. Without the new website, these transactions would otherwise need to be made through customer walk-ins, phone calls, and e-mail.

In 2005-2006, Retirement Services will be increasing hours for an existing part-time Information System Analyst from 20 hours to 35 hours per week to support the new Document Imaging and Retrieval System and the Department's website described above.

The transfer of an existing Accountant II to the Retirement Services Department from the Finance Department was approved. This shift will centralize the accounting process and reduce the potential for duplication. The Department will also have more control and accountability over the Plans. The duties and responsibilities of this position include the preparation of all general ledger entries designed to record investment transactions, reconciliation of manager portfolios of two custodian banks and preparation of audit schedules for the outside auditor.

Performance and Resource Overview (Cont'd.)

Analyze, Develop and Recommend Retirement Policy

The Retirement Services Department also analyzes, develops and recommends retirement policy for the Boards. Recommendations are made on specific issues, policies and procedures. Each year the Retirement Boards' investment committees prepare a work plan with projects for the year. Projects may include reviewing the asset allocation of the plan, updating the investment policy and determining the added value and risk of a specific investment. In addition, various other projects not related to investments are also scheduled and completed during the year, including the development and implementation of the Department's website and the classification and compensation study. For 2004-2005, it is estimated that staff will complete projects in the agreed upon time frame 98% of the time, exceeding the target of 93%. In 2005-2006, the target for completing projects will be adjusted to 98%.

Administer Retirement Plans Performance Summary	**2003-2004 Actual**	**2004-2005 Target**	**2004-2005 Estimated**	**2005-2006 Target**
🎯 % of employees that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	90%	90%	97%	95%
🎯 % of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
$ Administrative cost of City plans compared to similar plans	(9.5%)	±10%	(21%)	(14%)
🕒 Information needed by the Boards and members is delivered in the agreed upon time-frame	97%	93%	98%	98%
🎗 % of Boards and members that rate department services as very good or excellent based on accuracy and usefulness of work	91%	90%	94%	90%

Core Service: Administer Retirement Plans

Retirement Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of active & retired members surveyed	120	150	136	150
Number of employees reporting a positive impact	108	135	132	143
Number of portfolios	34	36	37	37
Number of portfolios analyzed annually	34	36	37	37
Admin. Cost per $1 million of assets:				
- Combined City plans	$5,019	$5,530	$4,675	$5,096
- Average of similar plans	$5,495	N/A	$5,659	$5,827
Assignments by Board members completed on time	211	183	183	167
Boards' assignments to be completed	24	13	13	15
Investment committee workplan projects	31	32	26	30

Administer Retirement Plans Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2004-2005 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,794,847	$ 2,076,190	$ 2,239,738	$ 2,399,310	15.6%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 1,794,847**	**2,076,190**	**2,239,738**	**2,399,310**	**15.6%**
Authorized Positions	**21.10**	**21.10**	**22.10**	**23.98**	**13.6%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Administer Retirement Plans

Retirement Services Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS

1. Accountant II Staffing Alignment	**1.00**	**92,410**	**0**

This action shifts an existing Accountant II that supports the Retirement Services Department from the Finance Department. The duties and responsibilities of this position include the preparation of all general ledger entries designed to record investment transactions, reconciliation of manager portfolios of two custodian banks and preparation of audit schedules for the outside auditor. The Police and Fire, and Federated Retirement Boards have approved this adjustment. (Ongoing costs: $94,034)

Performance Results:
No change to service levels will result from this action.

2. Information System Analyst Staffing	**0.38**	**36,148**	**0**

This action increases hours for an Information System Analyst from 20 hours to 35 hours per week. The increase in hours will help support the Department's increase in automated applications. In addition, this position will provide additional depth in maintaining software applications to build capacity for the future. Both the Police and Fire, and Federated Retirement Boards have approved this augmentation. (Ongoing costs: $36,148)

Performance Results:
Quality, Customer Satisfaction: This action will improve customer service by providing support to members using the website and to staff using the document imaging and pension administration system.

3. Educational Program Staffing	**0.50**	**31,014**	**0**

This action adds a part-time Staff Technician to assist in the expansion of Retirement Services' education program to include independent living seminars for retirees and their families. The Police and Fire, and Federated Retirement Boards have approved this adjustment. (Ongoing costs: $32,356)

Performance Results:
Quality, Customer Satisfaction: This action will improve customer service related to independent living for retirees and their families. This position will assist in the expansion of the Department's education program to address the particular needs of the elderly and help younger families prepare for successful independent living, as they grow older.

2005-2006 Adopted Core Service Changes Total	**1.88**	**159,572**	**0**

Core Service: Debt and Risk Management

Finance Department

Core Service Purpose

Provide cost effective financing and insurance coverage for the City's capital assets.

Key Operational Services:

☐ **Debt Management**

☐ **Property and Liability Insurance**

Performance and Resource Overview

Debt and Risk Management refers to the financing and protection of the City's capital assets. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* This outcome is supported by financing capital projects at the lowest possible cost and providing adequate coverage for risk exposures. For 2005-2006 these services are displayed in their own core service. Previously they had been displayed under the Financial Management core service, which has since been eliminated.

The Debt and Risk Management core service enhances the City's financial condition so it will continue to be strong and considered among the best managed cities of similar size. One measure of fiscal strength is the City's bond rating, and San José continues to be the highest rated City in California with a population over 250,000. These ratings enable the City to borrow money at the lowest possible interest rate, thus reducing costs to finance capital projects.

Through the passage of the Neighborhood Libraries and Parks and Recreational Facilities General Obligation Bond Measures in 2000, and the Neighborhood Security Act Bond Measure in 2002, the residents expect the City to provide additional facilities and improve existing ones.

In addition to general obligation bonds, the City issues lease revenue, airport revenue, and sewer revenue bonds to finance projects such as the New City Hall, the North Concourse at the Norman Y. Mineta San José International Airport, and improvements to the Water Pollution Control Plant. The City also facilitates construction of public infrastructure and affordable housing through issuance of special tax and special assessment bonds, multi-family housing revenue bonds and housing set aside tax allocation bonds.

The City and San José Redevelopment Agency (SJRA) transfer exposure for catastrophic events through insurance policies when the frequency of events cannot be predicted, the severity of potential losses could seriously hamper the City's operations, and where the cost of coverage is not prohibitive.

Risk Management staff currently place and maintain insurance for $1.5 billion of City owned property, as well as Owner Controlled Insurance Programs (OCIPs) for the Dr. Martin Luther

Performance and Resource Overview (Cont'd.)

King, Jr. Library (currently in close-out), New City Hall Project and North Concourse Project. In addition, the City carries specialized insurance policies to protect against liability arising from certain City activities.

Risk Management staff also assist the City and SJRA in transferring liability for all vendors, tenants, suppliers, contractors and consultants by providing insurance specifications for all contracts. Risk Management staff then confirm compliance with those specifications prior to final contract execution by the City Clerk's Office. Risk Management staff also invoices all responsible parties for damages to City owned property, thereby reimbursing the General Fund for repair or replacement costs.

Performance Measure Development

For 2005-2006, the Finance Department has restructured its core services. Components of the Financial Management core service, which has been eliminated, have been split between this core service and the Revenue Management core service. To measure the cost of Debt Management services, the cost for providing these services is compared to the value of the City's outstanding debt portfolio. To measure the cost of Risk Management services, the cost for staff providing these services is compared to the total insurable value of the City's assets.

Debt and Risk Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AA+	AA+	AA+	AA+
- Fitch	AA+	AA+	AA+	AA+
Cost of Debt Management services as a percentage of the City's outstanding debt portfolio	0.024%	0.021%	0.019%	0.020%
Cost of Risk Management services as a percentage of the total insurable value of the City's assets	0.021%	0.012%	0.010%	0.009%
% of customers who rate Debt and Risk Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	85%	82%	82%	82%

Selected Operational Measures	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Percentage of contracts processed for insurance clearance within five days of receipt	83%	50%	62%	60%

Core Service: Debt and Risk Management

Finance Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for Debt and Risk Management services				
- Debt Management services	$989,810	$937,977	$836,767	$947,405
- Risk Management services	$299,744	$185,086	$154,934	$286,902
Total of the City's outstanding debt portfolio	$4.17B	$4.50B	$4.50B	$4.59B
Total insurable value of the City's assets	$1.42B	$1.50B	$1.59B	$1.90B
Total number of contracts processed for insurance clearance	3,592	3,000	3,650	3,500

Debt and Risk Management Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,215,139	$ 1,053,821	$ 1,083,811	$ 1,083,811	2.8%
Non-Personal/Equipment	74,415	158,847	150,496	150,496	(5.3%)
Total	**$ 1,289,554**	**$ 1,212,668**	**$ 1,234,307**	**$ 1,234,307**	**1.8%**
Authorized Positions	**15.51**	**15.23**	**10.48**	**10.48**	**(31.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Disbursements

Finance Department

Core Service Purpose

Facilitate timely and accurate payment of the City's financial obligations.

Key Operational Services:

☐ **Accounts Payable**

☐ **Payroll**

Performance and Resource Overview

This core service is responsible for coordinating various disbursements for all City departments. Customers for this service include City employees, consultants, contractors and all other vendors the City pays for goods and services. The objectives of this core service include accurate and timely payments to City employees and vendors as well as timely responses to requests for information. This core service supports the CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Throughout 2004-2005, staff has continued to explore options for process improvements in both the accounts payable and payroll operations. For 2004-2005, 86% of the payments made are estimated to be paid accurately and on-time. For 2005-2006, no change is expected for this measurement. The percentage of vendor invoices paid within 30 days is estimated to remain the same as the 2004-2005 estimated level at 68%. The average number of days from the date of the invoice to check issuance is estimated to increase from 33 days to 34 days. This performance measure reflects the efforts by all City staff to complete accounts payable transactions within 30 days. The one day increase is anticipated due to staffing reductions throughout the City.

To ensure that departments have the requisite knowledge to input invoice information correctly into the Financial Management System, the Department continues to offer training to departments on an as-needed basis or by request. Departments will continue to receive quarterly reports that provide a comparison of their performance in relation to the city-wide cycle time measure.

PeopleSoft software modifications and upgrades continued to translate into improved efficiencies in payroll processes. Enhancements in timekeeping and labor cost reporting will improve efficiencies as all department timekeepers and payroll personnel become familiar with the enhancements. Additional enhancements in the PeopleSoft software will be implemented in 2005-2006. The enhancements are mainly related to employee "self-service" features that would allow Payroll Services to re-direct a portion of their resources to increasing accuracy in payroll disbursements.

Performance Measure Development

Staff collects and analyzes performance data by identifying activities and outputs involved in issuing vendor payments and employee paychecks. In prior years, the "cost per payment" performance

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

measure reflected only the direct cost of processing the disbursements, excluding the cost of administrative functions, customer support functions and data maintenance associated with disbursements. In 2004-2005, these indirect costs were included in the performance measures and as a result it is estimated that the cost per paid invoice will rise to $5.83, well above the target of $3.50. The estimated cost per payment for 2005-2006 is $6.01. This increase reflects full staffing for Disbursement Services in 2005-2006. The revised methodology is reflected in the 2003-2004 actual for this measure. The number of payments is expected to increase by approximately one percent from 270,405 in 2004-2005 to 273,000 in 2005-2006.

The total number of survey responses was eliminated from the activity and workload highlights section. A combined survey for the Finance and Information Technology Departments is conducted each fiscal year. The survey software allows for the departments to get the customer satisfaction information by core service but does not provide the number of survey responses to a particular core service.

Disbursements Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of payments made accurately and on-time	87%	85%	86%	86%
$ Cost per payment	$4.82*	$3.50	$5.83*	$6.01*
🕐 Average number of days from invoice date to check issuance	32	34	33	34
🎗 % of customers who rate disbursement services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	93%	87%	89%	89%

* *Reflects change in methodology. Please see Performance Measure Development section.*

Selected Operational Measures	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
🎯 % of vendor invoices paid within 30 days	65%	66%	68%	68%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for Disbursement services	$1,382,808	$945,000	$1,575,317	$1,642,336
Total number of payments made	286,583	275,000	270,405	273,000
Vendor invoices paid	78,651	77,000	77,793	78,500

Core Service: Disbursements

Finance Department

Performance and Resource Overview (Cont'd.)

Disbursements Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,348,465	$ 1,507,457	$ 1,636,601	$ 1,636,601	8.6%
Non-Personal/Equipment	34,343	5,735	5,735	5,735	0.0%
Total	**$ 1,382,808**	**$ 1,513,192**	**$ 1,642,336**	**$ 1,642,336**	**8.5%**
Authorized Positions	**17.37**	**17.37**	**18.70**	**18.70**	**7.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Employee Benefits

Employee Services Department

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively.

Key Operational Services:

- ☐ **Benefits Classes**
- ☐ **Insurance Premium Payments**
- ☐ **Claims Processing**
- ☐ **Eligibility and Contribution Transfers**
- ☐ **Customer Services, Counseling and Mediation**
- ☐ **Human Resources Information System (HRIS) - Benefits Module Administration and Maintenance**

Performance and Resource Overview

The Employee Benefits core service supports the Strategic Support CSA Outcome: *A High-Performing Workforce that is Committed to Exceeding Customer Expectations.* This core service strives to provide employees with a wide array of high-quality and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. High-quality employee benefits are essential to being an "employer of choice" and to attracting and retaining a high-performing workforce.

The investment of City funds for non-retirement employee benefits is almost $59 million for 2005-2006, details of which are included in the Statement of Source and Use of Funds for the Benefit Funds, found elsewhere in this document. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as supplemental life insurance, personal accident insurance, long-term disability, long-term care, medical reimbursement accounts, dependent care accounts, and other insurance products. The total value of employee benefits administered, including both City and employee-paid benefits, is projected to be almost $69 million in 2005-2006.

Key accomplishments in 2004-2005 included the enhancement of the City's domestic partner benefits, implementation of an important administrative solution for a new Internal Revenue Services (IRS) restriction in the deferred compensation program, and the creation of savings in costs for the City and employees associated with the City's two benefits brokers.

The domestic partner eligibility has been expanded to comply with the new provisions of the California Domestic Partner Rights and Responsibilities Act of 2003 (AB 205, Chapter 421). This law, effective January 1, 2005, requires the City to extend the same rights and benefits, as currently provided to spouses of employees, domestic partners and their children.

Performance and Resource Overview (Cont'd.)

The Internal Revenue Code's §457 requires that vacation, compensated time and sick leave payouts be accelerated to occur no later than the last day worked. As a result, the Deferred Compensation Program staff assisted employees in making complex calculations to determine the current contribution adjustment necessary to make the equivalent contribution to their account before separating from the City. For 2005-2006, funding for temporary staffing to assist with the increased volume and complexity of transactions associated with the new IRS regulations was approved.

The benefits brokers Request For Proposals (RFP) will be completed and implemented by September 2005 and are expected to save the City and employees about $200,000 per year. The two benefits brokers separately service the City-paid benefit plans (e.g., health, dental and life insurances) and the employee-paid benefit plans (e.g., long-term disability and accident insurances). Within their respective areas, they assist the City and the employees with marketing, education, legislative updates and claims processing.

Key performance objectives in 2005-2006 include the implementation of eBenefits in PeopleSoft, the City's Human Resources Management System; completion of the RFPs for the dental and deferred compensation programs; and the initial phases of the RFP for the City's health plans. The eBenefits module will enable employees to change elections to their benefits online. This will decrease staff time needed to process employee benefit changes. The eBenefits module is scheduled to be operational for the fall 2005 Open Enrollment period. The RFPs represent the City's administrative efforts to minimize costs and maximize value by regularly exposing the City's plans to the competitive marketplace.

	Employee Benefits Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯	% of providers in compliance with negotiated benefits	91%	91%	92%	91%
$	Cost of benefits administration per FTE	$142	$150*	$166	$171
🕒	% of requests for services resolved in one day	94%	90%	95%	90%
🕒	% of HRIS transactions completed within the target pay period	100%	100%	100%	100%
🎗	% of participants rating benefit program products and services as good to excellent	N/A**	80%	N/A**	80%

* Reflects a correction in calculation methodology for this measure.
** Due to workload constraints the survey was not administered in 2003-2004 and 2004-2005.

Core Service: Employee Benefits

Employee Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Annual contributions to Deferred Compensation	$36.0M	$34.5M	$35.2M	$35.6M
% of employees contributing to Deferred Compensation	66%	66%	66%	66%
% of employees/retirees enrolled in dental HMO	6%	5%	6%	10%

Employee Benefits Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 935,780	$ 936,966	$ 1,009,454	$ 1,032,454	10.2%
Non-Personal/Equipment	961,633	912,457	845,161	845,161	(7.4%)
Total	**$ 1,897,413**	**$ 1,849,423**	**$ 1,854,615**	**$ 1,877,615**	**1.5%**
Authorized Positions	**10.00**	**10.00**	**11.12**	**11.12**	**11.2%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Deferred Compensation Program		**23,000**	**23,000**

This action provides ongoing funding for temporary staffing due to the increased volume and complexity of transactions. The transactions have become more difficult and lengthy in areas such as vacation and sick leave payments, which require a review of payroll records, manual calculations needed to maximize deferral limits, and coordination with Payroll and Retirement Services staff. This action will be fully funded by the Deferred Compensation Fund, which consists of participant monies only. No City funds will be required to fund this action. (Ongoing costs: $23,000)

Performance Results:
Customer Satisfaction Service levels are expected to improve as a result of this action.

2005-2006 Adopted Core Service Changes Total	0.00	23,000	23,000

Core Service: Employment Services

Employee Services Department

Core Service Purpose

Facilitate the timely hiring of excellent employees, and administer the City's classification and compensation systems.

Key Operational Services:

- ☐ **Recruitment, Assessment and Hiring**
- ☐ **Job Classification/Compensation**
- ☐ **Employee Placements**
- ☐ **Temporary Employment Program**

Performance and Resource Overview

The Employment Services core service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Customer Expectations.* This core service partners with client CSA representatives to conduct tailored job recruitments, administer candidate assessments for selected job classes, and ensure effective and efficient hiring processes.

Recruitment, Assessment and Hiring

Despite the economic slow down and organizational downsizing, there continues to be a need to fill key positions, especially for public safety, capital projects, and priority community services. It is projected that over 700 employees will be hired in 2004-2005, including many in seasonal and part-time positions. For 2005-2006, Employment Services will likely hire approximately the same number of employees for positions that are primarily part-time, temporary and seasonal. The high percentage of the workforce at or near retirement age will result in a disproportionate number of experienced, senior employees leaving City employment in the near future, vacating some key positions that will need to be filled. At the same time, the supply of qualified applicants in the local job market will continue to be high (85 applicants per job posting). These trends all reinforce the importance of effective recruiting, screening, and hiring.

In 2004-2005, Employee Services also expanded its recruitment services to include executive recruiting. By successfully recruiting for key City executive-level position using internal resources, Employment Services provided a cost-effective alternative to the use of the traditional specialized search firms.

Job Classification/Compensation

Although classification actions were placed on hold in 2004-2005, classification and compensation services continue to be a key part of Employment Services. These services ensure that jobs are designed and described properly to support business needs and sound organizational principles. Compensation work includes analyses and actions to promote market-based compensation while

Performance and Resource Overview (Cont'd.)

Job Classification/Compensation (Cont'd.)

ensuring internal pay equity among City jobs. As a result of recent downsizing, the way work is organized, distributed and completed has significantly changed throughout the organization, creating a high demand for classification and compensation services. When the classification action freeze is lifted, there will be a significant backlog of requests to be addressed.

Employee Placements

Employment Services is also responsible for facilitating organization downsizing by administering placements, bumping, redeployment and layoffs of employees displaced because of budget reductions. In 2004-2005, staff successfully placed all 157 employees who were affected by position cuts into other City jobs - more than twice the number placed in the previous year. Employment Services will continue to generate and use seniority lists as well as work closely with departments and displaced employees to find acceptable placements, as necessary.

Temporary Employment Program

Employment Services provides temporary employment resources for other CSAs by maintaining pools of employees and retirees available for temporary assignments. The use of temporary employees provides a valuable resource to fulfill short-term critical and seasonal staffing needs. The City anticipates continued use of temporary employees in 2005-2006.

Organizational Changes

In 2004-2005, Employment Services implemented significant changes to its service delivery model and organizational structure. In the former model, the core service was organized around types of services so that one team of analysts provided recruiting services (including support of executive recruitment), a different team provided data entry and City policy and procedure oversight, and another team provided classification and compensation services. In the new model, the teams have been reorganized so that each analyst is a generalist in the core service and is the central point of contact for an assigned department. Each analyst is responsible for all of the employment-related needs for their departments, including: recruitments, executive recruitments, basic transactions, and classification/compensation projects. This new model allows the core service to provide more efficient services to the organization.

As part of this reorganization, the Return-to-Work program, which is focused on placing injured employees in positions that can accommodate their injuries, was moved to the Employment Services core service. In keeping with the generalist orientation of the new service delivery model and the Mayor's direction to identify areas where greater efficiencies could be achieved, a Return-to-Work Senior Analyst position was approved for elimination. Analysts in Employment Services will absorb the responsibilities of this position.

Performance and Resource Overview (Cont'd.)

Employment Services Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	4.7%	<6.0%	6.6%	<6.5%
🎯 Turnover Rates: Total, Non-Public Safety, and Public Safety employees	4.7%	<6.0%	6.6%	<6.5%
🎯 Turnover Rates: Information Technology employees	3.5%	<8.0%	6.5%	<8.0%
🎯 % of employee performance reviews completed on schedule	N/A*	N/A*	8%	20%
🎯 % of hiring managers rating probationary employees as meets standard or above	N/A*	N/A*	100%	95%
🕐 Ratio of actual working days for external recruitment versus target	N/A*	1.0	1.5	1.0
🕐 Ratio of actual working days for internal recruitment versus target	N/A*	1.0	1.0	1.0
🕐 Working days to reclassify an occupied position	N/A*	N/A*	TBD**	TBD**

* New measure: baseline data collected in 2004-2005.
** New measure: baseline data to be collected in 2005-2006. No data available in 2004-2005 due to temporary freeze on reclassification actions.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
New job postings, total	191	200	216	220
New job postings, internal	115	120	127	130
New job postings, external	76	80	89	90

Core Service: Employment Services

Employee Services Department

Performance and Resource Overview (Cont'd.)

Employment Services Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 911,934	$ 898,541	$ 1,140,217	$ 1,037,159	15.4%
Non-Personal/Equipment	76,724	89,763	89,763	89,763	0.0%
Total	**$ 988,658**	**$ 988,304**	**$ 1,229,980**	**$ 1,126,922**	**14.0%**
Authorized Positions	**10.00**	**10.00**	**12.00**	**11.00**	**10.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS

1. Employment Services Staffing	**(1.00)**	**(103,058)**	**(103,058)**

This action eliminates a filled Sr. Analyst position (1.0 of 2.0 Sr. Analyst positions in this core service) for the Return-to-Work Program. The responsibilities of this position will be distributed among the remaining five analysts in the Employment Services core service. (Ongoing savings: $112,020)

Performance Results:
No change to service levels will result from this action.

2005-2006 Adopted Core Service Changes Total	**(1.00)**	**(103,058)**	**(103,058)**

Strategic Support CSA

Core Service: Facilities Management

General Services Department

Core Service Purpose

Provide safe, efficient, comfortable, attractive and functional buildings and facilities.

Key Operational Services:

- ☐ **Facilities Maintenance Services**
- ☐ **Facilities Improvement Services**
- ☐ **Special Event Support Services**
- ☐ **Technical Services**
- ☐ **Graffiti Abatement**

Performance and Resource Overview

Facilities Management is responsible for maintaining the City's building infrastructure through preventive and corrective maintenance and the implementation of facility improvements to enhance service delivery and the user's experience. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment.* Facilities Management supports the CSA outcome by striving to ensure that all of the City's facilities meet the following criteria:

- Safe to occupy, operate and use
- Functional to the operations supported and to the needs of the customers served
- Efficient building components and systems
- Attractive to the public and the surrounding neighborhoods
- Comfortable for the occupants and users

The economic environment once again presents significant challenges in sustaining the existing maintenance service levels and maintaining the overall condition of City facilities. Facilities Management continues to focus on looking for opportunities to 1) find ways to achieve operational savings; 2) address health, safety, and mission-critical maintenance services; 3) enable the development of maintenance programs based on available resources; and 4) develop mid-and-long-term capital strategies for operators to manage their City facility assets.

For 2005-2006, Facilities Management budget strategies included actions that attempted to achieve operational savings while minimizing the impacts to customers in City facilities. These actions included both position eliminations and non-personal/equipment reductions. Given the reduced state of the existing resources, service level reductions will be unavoidable. Funding levels have been reduced to a level that requires focus on health, safety, and mission-critical maintenance services. However, a maintenance allocation methodology has been implemented, which allows for flexibility within a maintenance program based on specific operational needs and has also

Performance and Resource Overview (Cont'd.)

been instrumental in initiating discussions with client-departments on mid-and-long-term facility asset management strategies. This methodology has helped the core service to improve the percentage of non-health and safety work completed within time standards in 2004-2005 to 80%, up from 2003-2004 (68%). In 2005-2006, the target is adjusted upwards to 75%.

Personal service reductions include the elimination of a vacant Custodian, Electrician, and Senior Maintenance Worker. With the opening of the New City Hall and altering the usage of the old City Hall, the in-house custodial staff was redistributed. The result is that there should be no immediate impact to services due to the reduction of the custodian. The loss of a vacant Senior Maintenance Worker and Electrician will impact the level of electrical services provided by Facilities Management. These positions were programmed to perform several critical electrical related tasks that required journeyman level electricians to cover. This work included testing and routine servicing of emergency generators and repair of security site lighting and park lighting. This work is required to ensure that critical services remain functional, and facility exteriors remain safe and secure. As a result of these reductions, the level of preventative maintenance work the core service will be able to perform in 2005-2006 will be impacted. Facilities Management will shift existing personal and non-personal resources as necessary to ensure actual system failures are corrected.

Non-personal/equipment reductions will once again come from a reduction to the city-wide custodial services contract. With the exception of the Civic Center Complex, all the Fire stations, and the old Dr. Martin Luther King Jr. Main Library, custodial services at most City facilities are contracted out. This contract has been reduced in each of the last two years and has resulted in the number of hours spent at most facilities and the frequency of visits being reduced to achieve savings. In addition, the facility operators are partnering in restocking and monitoring the conditions of restroom facilities. The contract now only provides basic custodial services, which include cleaning and restocking restrooms on scheduled days, servicing garbage and recycle stations, and replacing lamps as time permits. Because the frequency has been reduced, restrooms are not being cleaned and garbage not being collected for prolonged periods at many locations. These conditions are expected to continue and will have a negative impact on overall facility cleanliness. The facilities most impacted are the community centers. Libraries, however, have not been impacted as the Library Department funds its own service at a high level and frequency.

Facilities Management also began providing service to the New City Hall when it became operational in June 2005. This 530,000 square foot, eighteen-story facility is unlike any other City facility, and providing proper operational maintenance and support will present significant challenges to Facilities Management. It would be impossible for existing resources to service this huge facility without significantly reducing or completely eliminating services to the remaining City building inventory. As such, additional resources to operate and maintain the New City Hall are necessary. This includes staffing to provide electrical and HVAC support, building and event support services, security, and some in-house custodial services. Funding was also approved for utilities, contractual custodial support, and materials and equipment to operate the facility. The

Performance and Resource Overview (Cont'd.)

additional funding will allow for the provision of maintenance at the New City Hall at a very basic level. It will be a challenge to adequately support the facility over time with this very basic level of maintenance.

Performance Measure Development

Calculations used for determining the 2003-2004 performance target for the measure "% of facilities with a staff condition assessment rating of good or excellent" were incorrect. There was an error in the automated formula that was used previously to determine the condition ratings. This error also impacted the 2004-2005 target, which was set based upon the progress that the previous year's incorrect data demonstrated. The 2004-2005 estimate of 18% reflects the current data after the data collection error was corrected. This is significantly lower than the 2004-2005 target of 40% and also contributes to where the 2005-2006 target has been set (20%). While the "Decade of Investment" is having a positive impact to the condition of the facility inventory, the impact is not quite as dramatic as previously reported. The figures displayed in the Activity and Workload Highlights section do not reflect the addition of the New City Hall except where square footage is recorded. Baseline data and methodology adjustments will need to be established during 2005-2006 before data is recorded.

Facilities Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
% of facilities with a staff condition assessment rating of good or excellent	25%	40%	18%	20%
Cost of maintenance/total square feet to be maintained	$4.43	$5.90	$3.86	$5.90*
% of health and safety concerns mitigated within 24 hours	96%	100%	90%	100%
% of non-health and safety work completed within time standards	68%	65%	80%	75%
% of customers who rate service as good or excellent based on timeliness of response and quality of work	86%	80%	86%	80%
% of public who rate publicly accessed buildings as good or excellent	63%	61%	63%	63%

* The target for this measure demonstrates the estimated cost of providing maintenance at a more optimum level, including the ability to more proactively address preventative needs and maximize the useful life of facilities.

Core Service: Facilities Management

General Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights*	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total number of corrective work orders completed	6,798	6,000	6,800	6,800
Total number of preventive work orders completed	3,044	4,000	3,111	3,200
New square footage added during the period	66,900	641,019	627,000	114,920
Total square footage maintained	1.70M	2.34M	2.33M	2.45M

* Performance Summary and Activity & Workload Highlights do not take into account the addition of New City Hall except where square footage is recorded. Baseline data and methodology adjustments will need to be established during 2005-2006 before data is reported.

Facilities Management Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,778,789	$ 6,730,628	$ 6,829,932	$ 8,289,035	23.2%
Non-Personal/Equipment	5,830,922	4,765,154	4,881,658	8,343,011	75.1%
Total	**$ 12,609,711**	**$ 11,495,782**	**$ 11,711,590**	**$ 16,632,046**	**44.7%**
Authorized Positions	**79.00**	**78.00**	**78.00**	**98.00**	**25.6%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Facilities Management Staffing Levels	**(3.00)**	**(237,311)**	**(237,311)**

This action eliminates 3.0 vacant positions (1.0 Custodian, 1.0 Senior Maintenance Worker, 1.0 Electrician). The elimination of the Custodian should have no impact to current levels of service. Workload associated with this position will be redistributed amongst the 20.0 remaining custodians. As a result of the Electrician and Sr. Maintenance Worker eliminations, the level of preventative maintenance the core service will be able to perform in 2005-2006 will be reduced. Facilities Management will shift existing personal and non-personal/equipment resources as necessary to ensure actual system failures are corrected. (Ongoing savings: $237,111)

Performance Results:
Cost Costs will increase when contractual services are required during peak workload periods. ***Cycle Time*** The "% of non-health and safety work completed within time standards" is expected to decrease (from 80% in 2004-2005 to 75% in 2005-2006) as existing staff will be moved from lower priority work to ensure the higher priority work performed by these positions is completed.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. New City Hall Operations and Maintenance	**23.00**	**5,004,466**	**5,004,466**

This action adds 23.0 new positions: (1.0 Senior Security Officer, 5.0 Security Officer, 1.0 Electrician, 1.0 Senior Electrician, 1.0 Air Conditioning Mechanic, 1.0 Senior Air Conditioning Mechanic, 1.0 Senior Custodian, 1.0 Facility Crew Supervisor, 1.0 Building Management Administrator, 4.0 Facility Attendant, 1.0 Facility Sound and Light Technician, 1.0 Supervisor of Facilities, 3.0 Facility Repair Worker, 1.0 Senior Facility Repair Worker) to the General Services Department to support daily operations at the New City Hall. Additionally, $4,008,000 was added to non-personal/equipment to cover utilities, contractual services costs, and materials and equipment. These costs are partially offset by reduced operating and maintenance costs at the Old City Hall. These additions will allow the General Services Department the ability to perform essential maintenance items at the new facility. (Ongoing costs: $5,601,000)

Performance Results:
Cost, Cycle Time, Customer Satisfaction This action provides a basic level of resources for maintenance and operations of the New City Hall. During the fiscal year, baseline data will be established with these resources in place. This data will be integrated into the existing performance measures for Facilities Management.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
3. Facilities Management Contractual Services		**153,101**	**153,101**

This action reduces the custodial contract by $115,000, which represents a 15% reduction. Facilities will still be serviced at the same frequency, however the amount of hours spent at each facility will decrease. This reduction is offset by an increase in funding of $268,101 for maintenance and minor repairs for several new or expanded facilities coming on-line in 2005-2006. These facilities include the Almaden Community Center, the Morrill Youth Center, Southside Community Multi-Service Center, Los Paseos Community Center, Hoffman Via-Monte Neighborhood Center, Historic House (Overfelt House), and the West Community Joint Facility. (Ongoing costs: $314,048)

Performance Results:
Customer Satisfaction The addition of funding for new or expanded facilities coming on-line will offset this reduction, however the remaining funding will have to be spread amongst a larger inventory. The result is that customer satisfaction with custodial services may slightly decrease. One other unknown factor that will impact performance is the results of the request for proposal (RFP) for the new custodial contract. The existing contract expires in January, 2006.

	Positions	All Funds ($)	General Fund ($)
2005-2006 Adopted Core Service Changes Total	**20.00**	**4,920,456**	**4,920,456**

Core Service: Financial Reporting

Finance Department

Core Service Purpose

Provide accurate and meaningful reporting on the City's financial condition.

Key Operational Service:

☐ **Financial Information and Analysis**

Performance and Resource Overview

Financial Reporting services provided by the Finance Department address customer requirements for financial information and analysis. City departments use the information to improve quality and reduce costs of services provided, improve efficiency, improve decision making capabilities, and increase the sharing of knowledge; outside agencies seek reports for their unique purposes. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.*

Customers have indicated that financial information needs to be accurate, timely and available in desired formats for it to be meaningful and useful to them. Through the first three quarters of 2004-2005, 96% of reports produced were estimated to be accurate and on-time, compared to a target of 90%. Due to additional financial reporting requirements for the new Public Works Cost Allocation Plan and Convention and Cultural Facilities oversight in 2005-2006, the target is being kept at 90%.

City staff continue to be involved with the on-going operation and financial monitoring of the Hayes Mansion after a new management company was appointed to operate the facility on January 1, 2004. In July 2004, an agreement was entered into with Team San José to manage and operate the Convention and Cultural facilities of the City. A Senior Accountant position was added in this core service to monitor and report on the financial operations of these facilities.

In 2004-2005, additional reporting was necessary to implement the new Public Works Indirect Cost Allocation plan. An overhead plan model to equitably distribute Public Works support services across all capital projects as well as certain inter-department divisions was developed. Required changes included an elimination of unallowable non-personal charges and costs related to accrued compensation absences along with tracking of non-construction costs for tax-exempt bond-funded projects up to a 5% cap per bond issue.

The Finance Department, in partnership with the Information Technology Department, planned, developed, designed, and implemented the capability for the City's internal departments to access monthly financial reports electronically. This feature provides more timely reports with enhancements (such as key word searching capability) that are not possible with paper reports.

Strategic Support CSA

Core Service: Financial Reporting

Finance Department

Performance and Resource Overview (Cont'd.)

In 2003-2004, customer surveys showed that 86% of customers rated reports as good to excellent. It is anticipated that customer satisfaction with financial reporting services will decrease slightly to 83% in 2005-2006 due to an approved staffing reduction. Financial Reporting staff continues to explore and encourage use of new methodologies in obtaining financial information. As an example, direct access to the financial system data warehouse tables has translated into a more streamlined process in publishing the Monthly Financial Report that is prepared for the Making Government Work Better Committee. The Finance Department again conducted the annual survey for 2004-2005 during the fourth quarter of 2004-2005. The Department will continue to use the information received from its customers to improve service levels of the financial reporting core service to the extent possible.

Performance Measure Development

In prior years, the cost for financial reporting services reflected direct costs of producing reports and excluded the costs of administrative functions, customer support functions and data maintenance associated with report generation. In 2004-2005, the cost per report will include all of the previously excluded costs associated with financial reporting. For 2004-2005 it is anticipated that the cost per report will be $740. The estimated cost per report for 2005-2006 is $789.

Financial Reporting Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of reports that are accurate and on-time	92%	90%	96%	90%
*$ Cost per report	$683*	$400**	$740*	$789*
🎗 % of customers who rate reports as good or excellent on a 5-point scale based on clarity, timeliness, usefulness and availability in desired format	86%	83%	83%	83%

* Reflects change in methodology. Please see Performance Measure Development section.

** The 2004-2005 target displayed in the 2004-2005 Adopted budget was incorrect. This figure represents the corrected figure.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for Financial Reporting services	$1.46M	$800,000	$1.44M	$1.57M
Total number of reports provided	2,129	2,000	1,947	1,990

Core Service: Financial Reporting

Finance Department

Performance and Resource Overview (Cont'd.)

Financial Reporting Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,447,713	$ 1,600,450	$ 1,651,129	$ 1,558,719	(2.6%)
Non-Personal/Equipment	7,438	11,100	11,100	11,100	0.0%
Total	**$ 1,455,151**	**$ 1,611,550**	**$ 1,662,229**	**$ 1,569,819**	**(2.6%)**
Authorized Positions	**15.02**	**15.02**	**16.27**	**15.27**	**1.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Financial Reporting Staffing	(1.00)	(92,410)	(93,538)

This action transfers the funding and responsibility for 1.0 Accountant from the Finance Department to the Retirement Services Department. This action, which will generate $92,410 in General Fund savings, will have no impact to current service levels as this position already provided exclusive support to the Retirement Services Department. (Ongoing savings: $92,410)

Performance Results:
No change to service levels are anticipated as a result of this action.

2005-2006 Adopted Core Service Changes Total	(1.00)	(92,410)	(93,538)

Core Service: Fleet and Equipment Services

General Services Department

Core Service Purpose

Manage safe and effective fleet and radio communications assets.

Key Operational Services:

- ☐ **Provide Repair and Maintenance of City Fleet and Equipment**
- ☐ **Manage the Acquisition and Equipping of the Entire City Fleet**
- ☐ **Manage Fuel Availability and Distribution**
- ☐ **Manage Radio Communications and Equipment**

Performance and Resource Overview

The goal of this core service is to provide safe and reliable vehicles and equipment that are readily available for City employees. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment.* In 2005-2006 this core service will take on a new function when the responsibility of the Radio Shop and all associated activities are transferred from the Information Technology Department to the General Services Department. Because of the close ties between radio installation and maintenance and vehicle maintenance, this is a logical move.

The primary challenges facing this core service are the identification of an optimum fleet size, and the implementation of modified replacement criteria that maximizes vehicle availability and supports the delivery of City services. In meeting these challenges, Fleet and Equipment Services will continue to identify and provide alternatives to ownership and optimize City resources in the provision of vehicles and equipment to user departments. These alternatives include sharing across departmental lines, short-term rentals, leases, mileage reimbursement and equipment pooling.

The fleet size is expected to continue to decrease in 2005-2006 as Fleet Management continues to work with departments to reduce the fleet size in a manner that does not disrupt delivery of City services to the community. To help facilitate this effort, a revised vehicle policy has been established which will help ensure that vehicles that do not meet minimum utilization standards or receive a special exception are removed from the fleet or considered for facility-specific pools. Fleet right-sizing will be an on-going effort that will be implemented strategically, so as not to impact critical department resources essential in supporting City programs and services.

2004-2005 was the fourth consecutive year in which General Fleet vehicle replacements were frozen. Fleet availability has increased due to the removal of older, less reliable vehicles that have mechanically failed while in service. This has also positively impacted the percentage of the fleet in compliance with the replacement cycle. In addition, the rightsizing of the fleet has offset the anticipated decrease in work orders completed within 24 hours due to the reassignment of available

Performance and Resource Overview (Cont'd.)

resources to the remainder of the fleet. The rightsizing of the fleet has also reduced the number of preventative maintenance and repair orders.

In 2004-2005 Fleet Management implemented a centralized pool, an expansion of the existing Fleet Management Division pool program, comprised of metered, heavy, and transport vehicles. The centralized pool will facilitate interdepartmental sharing opportunities by using equipment already in the City's fleet inventory to augment a department's temporary equipment needs. In addition, Fleet Management partnered with the Police Department to reduce the patrol car contingency by fifteen vehicles to achieve over $400,000 in vehicle acquisition savings.

To the extent that replacement funding is available and the fleet size remains constant or decreases, the number of general fleet vehicles in compliance with the replacement cycle is expected to improve. As the fleet comes into compliance with the replacement schedule, cost per mile or hour will decrease (discounting inflation and cost of fuel impacts) and availability may increase contingent upon the level of program changes initiated by City departments.

Higher than estimated fuel costs have resulted in a general increase in 2004-2005 estimates for cost per mile/hour in some classifications. Due to the volatility of this commodity, a reserve of $250,000 has been established in the General Fund to provide a funding source for any potential shortfalls that might occur. This reserve can be found in the General Fund Capital, Transfers, and Reserves section of this document.

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of fleet availability by class (of equipment)				
Police	100%	100%	100%	100%
Fire	100%	100%	100%	100%
General Fleet Light	90%	90%	95%	95%
General Fleet Heavy	89%	85%	91%	91%
Off Road Light	95%	94%	98%	98%
Off Road Heavy	94%	93%	93%	93%
🎯 % of fleet that is alternate fuel vehicles	9.0%	8.80%	8.5%	8.5%
🎯 % of marked patrol fleet replaced within established utilization criteria	44%	44%	44%	44%
$ Cost per mile or hours, by class (of equipment)				
Police	$0.29	$0.29	$0.33	$0.33
Fire	$3.08	$3.06	$3.73	$3.73
General Fleet Light	$0.30	$0.27	$0.31	$0.31
General Fleet Heavy	$1.21	$1.15	$1.26	$1.26
Off Road Light	$5.64	$6.13	$5.37	$5.37
Off Road Heavy	$34.95	$39.92	$33.17	$33.17
🕐 % of fleet in compliance with replacement cycle by class (to be replaced/scheduled to be replaced)				
Police	91%	100%	100%	100%
Fire	100%	100%	100%	100%
General Fleet Light	89%	87%	93%	94%
General Fleet Heavy	88%	86%	91%	94%
Off Road Light	60%	54%	58%	66%
Off Road Heavy	99%	98%	99%	99%
🕐 % of service work orders completed within 24 hours				
preventive maintenance	70%	60%	70%	70%
repairs	64%	56%	66%	66%
combined	65%	58%	67%	67%
🎗 % of customers who rate service good or better based on:				
Timeliness	78%	84%	79%	79%
Convenience	84%	95%	84%	84%
Courtesy	94%	97%	95%	95%

Core Service: Fleet and Equipment Services

General Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights*	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total number of repair work orders	21,224	22,500	20,527	20,527
Total number of prescribed preventative maintenance work orders	7,399	7,610	6,117	6,117
Total number of vehicles and equipment	2,879	2,795	2,700	2,660

* The Activity & Workload Highlights do not reflect the Radio Communications Program.

Fleet and Equipment Services Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 6,666,802	$ 6,603,518	$ 7,634,660	$ 7,634,660	15.6%
Non-Personal/Equipment	2,595,271	2,527,976	2,709,917	2,709,917	7.2%
Inventory	4,879,241	5,676,777	5,608,199	5,608,199	(1.2%)
Total	**$ 14,141,314**	**$ 14,808,271**	**$ 15,952,776**	**$ 15,952,776**	**7.7%**
Authorized Positions	**85.50**	**81.50**	**89.50**	**89.50**	**9.8%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. Radio Shop Funding Shift		**0**	**(93,377)**

This action shifts funding for 0.75 Information Systems Analyst, who oversees all communications equipment upgrade and replacement projects, from the General Fund to the Communications Construction and Conveyance Tax Fund. This funding shift will more accurately align General Services resources with anticipated workload for 2005-2006. (Ongoing savings: $0).

Performance Results:
No change to service levels are anticipated to result from this action.

2005-2006 Adopted Core Service Changes Total	**0.00**	**0**	**(93,377)**

Core Service: Health and Safety

Employee Services Department

Core Service Purpose

Provide services that ensure employee health, safety and well-being.

Key Operational Services:

- ☐ **Employee Health Services**
- ☐ **Workers' Compensation Program**
- ☐ **Proactive Safety Program**

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Health and Safety core service is charged with ensuring a safe workplace and healthy employees in compliance with all applicable state and federal regulations related to employee health and safety in the workplace. The Health and Safety core service supports the Strategic Support CSA outcome: *A High Performing Workforce that is Committed to Exceeding Customer Expectations.*

Employee Health Services

The Employee Health Services (EHS) unit of this core service offers a variety of occupational medical services, such as surveillance and pre-placement physicals as well as Occupational Safety and Health Administration (OSHA) evaluations, all of which are designed to ensure a safe and healthy workforce. As a part of daily business, the City must be in compliance with Federal and Cal/OSHA law, regulations and guidelines. EHS focuses almost exclusively on legally and contractually mandated testing and physical examinations. However, this core service does provide limited preventative exams and on-site trainings. In order to better support the administrative needs in EHS, a vacant Senior Office Specialist position was eliminated and a new Secretary position was approved. The Secretary position will provide a higher level of clerical support, including appointment scheduling, medical record maintenance, and office management activities for the City physician and medical staff.

Workers' Compensation Program

The Workers' Compensation Program's main objective is to ensure injured employees receive adequate and appropriate treatment through an effective claim management process. The treatment plan may include medical treatment, as well as rehabilitation. Workers' compensation costs are reflected in the City-Wide section of this document.

For the first time in 10 years, the workers' compensation cost is projected to decrease as compared to the previous year. This can be attributed to the cost containment efforts through prevention, mitigating past claims and costs, implementation of legislative reforms, and working collaboratively

Performance and Resource Overview (Cont'd.)

Workers' Compensation Program (Cont'd.)

with other City departments to foster safe work environments. The number of new workers' compensation claims declined from 1,414 in 2002-2003 to 1,366 in 2003-2004, a 3.4% decrease. During the first nine months of 2004-2005, the total number of new claims decreased by 10% (from 1,028 to 924), as compared to the same period in 2003-2004. In addition, the cost of all claims in the current year through March 2005 is $13.1 million as compared to $14.9 million last year, a decrease of $1.8 million or 12%.

A major focus in 2005-2006 continues to be cost containment. A high priority for staff will be the implementation of new State workers' compensation reform laws (SB 899). The new laws contain over twenty new provisions designed to provide effective medical and workers' compensation benefits. A major part of this strategy is to inform and educate unions and employees about the new reforms.

Elimination of an Ergonomics Analyst position and non-personal/equipment funding for the Injured Employee Placement Program was approved. With the elimination of a dedicated ergonomics position, funded from the Workers' Compensation Claims appropriation, this core service will no longer provide preventative ergonomics trainings, evaluations, and remedial actions for employees. Evaluations and remedial actions will be performed for active workers' compensation claims and when mandated by OSHA. Non-personal/equipment funding for the Injured Employee Placement Program, which provides equipment and accommodations that are not covered by workers' compensation, was approved for elimination based upon decreased usage.

Performance Measure Development

Two new activity and workload highlights were added for 2005-2006. The number of new workers' compensation claims filed provides an indicator of the growth or decline in claims. And, the total workers' compensation cost reflects the overall financial impact on the City.

Core Service: Health and Safety

Employee Services Department

Performance and Resource Overview (Cont'd.)

Health and Safety Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
◎ Risk management training hours per FTE: by risk management staff and total	N/A*	N/A*	0.01	0.01
◎ Number of workers' compensation claims per 100 FTEs	18.0	17.5	18.6	18.0
◎ Number of worker days lost per workers' compensation claim	15.2	19.9	18.0	18.0
◎ Number of worker days lost to injury per FTE	2.8	3.8	4.0	4.0
$ Expenditures for workers' compensation per $100 of total jurisdiction salaries and benefits	N/A*	N/A*	$4.50	$4.40

* New measure: baseline data collected in 2004-2005.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of open workers' compensation claims	4,324	4,200	4,500	4,200
Number of new workers' compensation claims	1,366	1,325	1,263	1,250
Number of employees trained in safety	322	300	300	100
Number of ergonomic evaluations	329	300	300	100
Total workers' compensation costs	$19.8M	$19.0M	$18.2M	$17.8M

Health and Safety Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,675,719	$ 2,695,588	$ 2,695,004	$ 2,711,691	0.6%
Non-Personal/Equipment	226,233	539,744	539,744	506,744	(6.1%)
Total	**$ 2,901,952**	**$ 3,235,332**	**$ 3,234,748**	**$ 3,218,435**	**(0.5%)**
Authorized Positions	**29.50**	**29.50**	**29.50**	**28.50**	**(3.4%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Health and Safety Staffing and Efficiencies	(1.00)	(16,313)	(16,313)

This action eliminates 1.0 filled Ergonomics Analyst (1.0 of 4.0 Analyst positions) in the Health and Safety Program. Preventative ergonomic evaluations will no longer be performed. Ergonomic evaluations required as part of an active workers' compensation claim will be outsourced and charged to the claim. The department will continue to perform OSHA mandated evaluations. The elimination of a vacant Sr. Office Specialist position and the addition of a Secretary position in Employee Health Services were approved. The Secretary will provide clerical support for the medical staff in the Health program. In addition, funding of $33,000 for the Injured Employee Placement Program, which provides equipment and accommodations that are not covered by workers' compensation, will be eliminated based upon decreased usage. (Ongoing savings: $23,944)

Performance Results:
Quality The number of ergonomic evaluations will drop from 300 to 100 and the number of employees trained in safety will drop from 300 to 100. No change in service levels will result from the elimination of the Sr. Office Specialist position or the elimination of non-personal/equipment funding. ***Cost*** Without the preventative ergonomic program and in-house ergonomics expert, it is anticipated that the number and costs of claims associated with ergonomic-related injuries could increase. Overall, however, it is anticipated that the downward trend of claims and costs will continue.

2005-2006 Adopted Core Service Changes Total	(1.00)	(16,313)	(16,313)

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Core Service Purpose

Enable the availability and relevancy of data and voice communications, and provide direct customer support and training for technology equipment and applications.

Key Operational Services:

- ☐ **Data Networks**
- ☐ **Telecommunications**
- ☐ **Servers**
- ☐ **Desktop Support**
- ☐ **Technical Assistance Center**

Performance and Resource Overview

The purpose of the Manage and Support the Information Technology Infrastructure core service is to provide and manage voice and data communication services that enable internal and external customers to connect to City services and systems. In support of the communication network, this core service assists customers in determining the equipment and software necessary for their requirements, and coordinates the installation of, training for, and support of the equipment and software. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

For 2005-2006, the Department has reorganized its original five core services into three new core services that better reflect the organization and service delivery structure. This new core service, Manage and Support the Information Technology Infrastructure, combines the former core service, Network and Communications with the desktop support function that was previously represented in another former core service, Technology Customer Support. Additionally, services previously provided under the Technology Solutions Consulting and Technology Strategic Planning core services are now incorporated into each of the three new core services.

The radio communication functions have been moved, beginning in 2005-2006, from this core service into the Fleet and Equipment Services core service of the General Services Department. The substantial proportion of upgrade and repair services performed by the City's Radio Shop focuses on communication devices that are located in public safety vehicles. In order to minimize the amount of time that public safety vehicles are removed from operation, the Radio Program has been transferred to the Fleet Management Division of the General Services Department, so that many of the repairs, upgrades and routine maintenance issues may be addressed concurrently with fleet maintenance.

Data Networks

In 2004-2005, the Department anticipates achieving a performance level of 98%, and nearly 100% for central network, and telephone availability, respectively, under the currently supported business

Data Networks (Cont'd.)

hours (Network: Monday through Friday 24 hours per day, and Saturday and Sunday 6:00 a.m. to 6:00 p.m.; Telephone: 7 days a week/24 hours a day utilizing standby callback). With the implementation of the New City Hall (NCH) network, performance measurements have been separated to distinguish between the Old City Hall (OCH) network and the NCH network. The NCH "% of network services available during normal business hours" target has been set at 99.99% based on new requirements and expectations for phone usage as phone and data networks are converged into one in the NCH structure.

The 2005-2006 performance target for customer satisfaction on availability of network services will remain at 80%. While the Department would like to increase this target in the future, current staffing levels do not support providing any higher level of service. Since night shifts were eliminated, some system back-ups are running over into regular business hours, resulting in reduced access to enterprise systems.

The average duration of network outages during normal business hours in 2004-2005 is estimated at five minutes, compared with a forecast of three hours because staff has been successful in utilizing new virus protection software to minimize the impact of potential virus attacks.

In the area of network services, several major projects took place during 2004-2005. First, network technology and equipment improvements were implemented for the integration of Team San José's City employees with various corporate applications such as Timecard Front End, Intranet, and PeopleSoft. This project was completed during the first quarter of 2004 2005. The successful rebid for a converged network yielded a significant cost savings over the previously awarded contract for the converged phone and data network to be installed at the NCH. This new network was installed in the NCH during the 4th quarter of 2004-2005.

Telecommunications

Telecommunications support for numerous departments was provided in 2004-0005, including: office moves and system upgrades for the Police, Fire, and Public Works Departments and the Joint Library and Airport Master Plan-related initiatives. Other projects included the planning of enhanced 9-1-1 services, multiple call center relocations, call accounting/phone bill distribution and dialing plan integration for the NCH move.

The new Voice over Internet Protocol (VoIP) phone system at the NCH will require changes to the way the City allocates departmental responsibility for phone service. To address this, the Department will add a Staff Specialist position to assist in administering and tracking the call accounting responsibility. The City currently receives phone bills from SBC for individual departments. However, with the shift to VoIP, the City will be responsible for disaggregating data to generate and distribute telephone usage bills for calls made both within and outside of the VoIP system. Funding to offset this addition is available by moving non-personal savings that will be available from moving the Centrex system to VoIP.

Performance and Resource Overview (Cont'd.)

Servers

The Department has taken on several new initiatives related to the NCH move. First, Active Directory will provide a single city-wide authentication model and a single administration model reducing overlapping services provided by various City technology groups. Second, Exchange 2003 will provide increased availability of e-mail services through the use of a clustered e-mail system, better disaster recovery through a comprehensive backup strategy, and improved functionality through new versions of Outlook Web Access. Finally, the standardization of administrative tasks such as naming conventions, and deployment of overlapping technologies such as file, print, e-mail, and authentication services have been developed to facilitate NCH technology.

Desktop Support/Technical Assistance Center

In 2004-2005, the Department undertook an organization-wide focus on customer service. The first step in this initiative is the formation of a Technical Assistance Center (TAC), which represents a single point of contact for customers. The TAC was implemented in December 2004 and provides: (1) a single point of contact for coordination within the Technical Support groups; (2) an information center for system-wide issues; (3) a reference center for end users as well as technical support staff; and (4) multiple ways for customers to receive service and encourage self sufficiency. The TAC incorporates an automated work order system to capture, prioritize, and manage all help desk calls that address initial level questions and/or route customer service requests to the appropriate groups for additional or further technical assistance.

Committing resources to the degree required to implement and support the new technology in the NCH while maintaining existing shared systems will challenge this core service's ability to meet the technology demands of the organization within existing staffing levels. The first year of NCH occupancy is expected to generate an abnormally heavy desktop support workload as employees adjust to their new work environment and staff learns to effectively support the new technology. This situation will result in lower customer satisfaction ratings in 2005-2006, but is expected to improve in year two after the NCH move has been completed. It is anticipated that the initial increase in desktop support service requests will generate a lower level of customer satisfaction. As a result, the performance measure "% of total customer rating customer support good or excellent based on timeliness" is projected to decrease to 70% in 2005-2006 compared to the 2004-2005 projection of 80%.

The Customer Support team plans to accommodate handling its increased workload by using software that can remotely diagnose and fix problems on a user's desktop. Additionally, older equipment will be replaced with new equipment before the NCH move alleviating some compatibility issues. Thus, the performance measure "% of service requests resolved with established guidelines" will maintain the current target of 80% for 2005-2006.

The need for an accurate inventory of telephone and network equipment and an asset management system was first identified in 2002-2003, but not implemented due to previous budget reductions. The NCH project provided an opportunity to obtain an accurate inventory of telephone and

Performance and Resource Overview (Cont'd.)

Desktop Support/Technical Assistance Center (Cont'd.)

network equipment and to implement an asset management system. When the inventory is completed, this core service will establish a preventative maintenance program and select an asset management system. After the move to NCH in 2005-2006, telephone and network performance measures that include the scope of work involved to support the NCH will be established.

Reductions that focus on alternate funding strategies whenever possible and decreasing network maintenance and support on the OCH technology infrastructure in this core service were approved. The Department will reduce maintenance agreements for hardware and software supporting the OCH. Additional savings will be realized from purchasing lower level support packages when possible.

Performance Measure Development

Existing performance measures from the previous Network and Communications core service and from the Desktop Support function previously presented in the Technology Customer Support core service have been incorporated into this new core service. A new performance measure was approved to report the network availability at the NCH. The NCH-managed service internet protocol (IP) phone function is also incorporated into the Activity and Workload Highlight section.

Manage and Support the Information Technology Infrastructure Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of network services available during normal business hours				
- Old City Hall central network	99.86%	98.00%	98.00%	98.00%
- New City Hall network	N/A*	N/A*	N/A*	99.99%
- Telephones	99.8%	100.0%	99.9%	100.0%
🕑 % of telecommunication work orders resolved within 3 days of receipt of repair order	97%	80%	97%	80%
🕑 % of service requests resolved within established guidelines:				
- 1 hour for urgent requests	90%	90%	85%	85%
- 4 hours for all other requests	78%	85%	80%	80%
🎗 % of total customer response with good or excellent rating on availability of network services	74%	80%	80%	80%
🎗 % of customers rating customer support as good or excellent				
- based on timeliness	81%	85%	80%	70%
- based on quality of service	51%	85%	60%	70%

* New measure for 2005-2006.

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of network outages	3	4	4	5
Number of network outages during normal business hours	3	4	4	5
Average time of network outages during normal business hours	5 minutes	3 hours	3 hours	4 hours
Number of telephones	7,500	7,500	7,500	5,300
Number of managed services IP phones	N/A*	N/A*	N/A*	2,200
Number of telecommunication repair orders	1,442	1,500	1,024	700
Number of desktop support service requests	2,848	3,000	3,000	6,000

* New measure for 2005-2006.

Manage and Support the IT Infrastructure Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,225,392	$ 5,240,586	$ 4,540,573	$ 4,614,359	(11.9%)
Non-Personal/Equipment	1,295,313	1,708,824	3,821,083	3,530,297	106.6%
Total	**$ 5,520,705**	**$ 6,949,410**	**$ 8,361,656**	**$ 8,144,656**	**17.2%**
Authorized Positions	**44.00**	**50.50**	**42.50**	**43.50**	**(13.9%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Manage and Support the Information Technology Infrastructure

Information Technology Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Maintenance and Support Agreement Efficiencies		(217,000)	(217,000)

This action reduces the Information Technology Department's non-personal/equipment funding for various maintenance and support agreements on an ongoing basis. Agreements for hardware and software requiring less maintenance and support will be deferred and additional savings will be realized from purchasing lower level support packages when possible. Should additional maintenance and support services become necessary, the department can purchase maintenance and support services a la carte. (Ongoing savings: $217,000)

Performance Results:
No change to service levels will result from this action.

2. Telecommunications Staffing	1.00	0	0

This action adds a Staff Specialist position to administer the call accounting responsibility for the new Voice over Internet Protocol (VoIP) function. The City currently receives phone bills from SBC for individual departments. However, with the shift to VoIP, the Information Technology Department will be responsible for disaggregating data to generate and distribute telephone usage bills for calls made outside of the VoIP system. The cost for this position will be offset by non-personal/equipment savings realized by moving from the Centrex system to the VoIP system. (Ongoing costs: $0)

Performance Results:
Cycle Time Required to maintain the current payment cycle of telecommunications bills to vendors and provision of telecom charges to departments. ***Customer Satisfaction*** No change in customer satisfaction levels.

2005-2006 Adopted Core Service Changes Total	1.00	(217,000)	(217,000)

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

- ☐ **Airport Infrastructure**
- ☐ **Parks and Recreational Facilities**
- ☐ **Public Buildings**
- ☐ **Streets and Transportation Facilities**
- ☐ **Storm Sewers and Sanitary Sewers**

Performance and Resource Overview

Public Works Department responsibilities in this core service focus on the plan, design and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Aviation Services, Transportation Services, Public Safety, Recreation and Cultural Services, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment.*

The prolonged economic downturn that the local economy has faced has presented significant challenges to this core service. Although the core service continues to meet the challenge of delivering quality capital and bond projects that meet the needs and expectations of San José residents, a growing City population requires the expansion of air travel capacity, improvements in highway transportation, replacements of aged storm and sewer lines, new and renovated recreational facilities, and improvements of public buildings to house staff to provide City services.

In 2005-2006 it is anticipated that the Public Works Department will manage $240 million in projects. These projects include the ongoing construction of library, parks and recreation, and public safety bond funded projects. The slow recovery of the economy in the region will, however, present challenges in 2005-2006, as the City attempts to balance the increasing demand for public improvements with decreasing resources. A number of tax revenues, such as the Construction Excise Tax and Building and Structure Construction Tax, that support the Capital Improvement Program have experienced declines over the last few years, which has impacted the level of funding available for capital projects. Despite these various funding constraints, the core service will continue to focus on the effective delivery of capital improvement projects within the completion targets, timeline, and budget.

The impact of the economy on capital programs is reflected in the approved reduction in the number of capital funded positions in this core service. For 2005-2006, a total of 14.55 positions will be eliminated from this core service, along with a reduction of approximately eight more

Performance and Resource Overview (Cont'd.)

administrative support positions in the Strategic Support core service. The Department will shift resources as necessary to ensure all work programmed for 2005-2006 is completed.

A new customer satisfaction survey was developed for the measure of "percentage of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product". Based on data collected through the first three months of 2004-2005, the 2004-2005 estimate has been set at 70%, compared with the target of 80%. Several survey responses have stated a desire for communication improvements within the Airport Operations project team. Staff will work aggressively to address these issues in the upcoming year; therefore the 2005-2006 estimate for this measure will remain the same (80%).

Preliminary analysis indicates the 2004-2005 estimates for the project operational measures are lower than targeted levels in the Airport Infrastructure, Parks and Recreation, and Public Buildings operational services. The Department is evaluating the causes and will propose necessary actions once the evaluation is complete.

The following are descriptions and/or activities for 2005-2006 in each of the operational services within the Plan, Design, and Construct Public Facilities and Infrastructure core service.

Airport Infrastructure

The Public Works Department contributes to the implementation of the Airport Master Plan by providing engineering and construction management services related to the implementation of the Airport Capital Improvement Program. The Airport Infrastructure Operational Service contributes primarily to the following two Aviation Services CSA outcomes: *The Airport is the Region's First Choice for Air Transportation Services* and *Travelers Have a Positive Guest Experience While Using the Airport.*

The City Council approved the architectural concept for the North Concourse Facility in 2003-2004. Construction of the facility began in June 2004 after awarding the first of a number of construction packages. The main focus of the 2006-2010 Adopted Airport Capital Improvement Program (CIP) is the North Concourse and security-related improvements. The security-related projects include construction of the Airline Maintenance Facility and Central Plant Expansion. The remaining CIP is programmed to coincide with the demand for other non-security projects. These projects include airfield infrastructure, parking and roadway improvements, and renovation, maintenance, or upgrades to existing facilities.

The "Airport of the Future" incorporates community input and supports the City's economic development strategy. The development of the Mineta San José International Airport continues to focus on effectively meeting the region's air transportation needs, while minimizing the impact of operations on the community.

Performance and Resource Overview (Cont'd.)

Parks and Recreational Facilities

The Parks and Recreation Facilities Operational Service supports the Recreation and Cultural Services CSA outcome *Safe and Clean Parks, Facilities and Attractions.* The voters approved the Parks and Library Bond Measures in November 2000. The 10-year programs consist of $228 million in parks and $212 million in library bond funding to support the renovation and construction of library and parks facilities. Both bond programs will be in the fifth year of implementation in 2005-2006.

The last phase of the neighborhood park projects in the Bond program will be completed in summer 2005. The primary focus included in the 2006-2010 Adopted Capital Improvement Program will then shift to deliver the larger projects such as community centers, and regional parks, which usually require fewer construction management efforts. Currently, seven projects are under construction with 14 projects in feasibility and design phases. This includes three community center projects and another four are in progress.

Public Buildings

The Public Buildings Operational Service supports the Strategic Support outcome *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment.* The Public Works Department is responsible for the oversight and construction of public facilities such as branch libraries, air terminals, fire stations and an animal shelter facility.

The Tully Community, Berryessa, and Dr. Roberto Cruz Alum Rock branch libraries grand openings were held in January, March, and July 2005, respectively. The branches provide many community services including an Internet Café, Tech Center, Learning Center, and programs for children and adults. Construction is ongoing with Rose Garden, Evergreen, Hillview, Cambrian, and the Almaden Joint Facility. Design is continuing on the Edenvale and Joyce Ellington Branches and the Pearl and Willow Glen Branches are expected to start design in the summer of 2005.

A major focus in the area of public buildings in 2004-2005 was the construction of the New City Hall. The New City Hall will include approximately 530,000 square feet and is under construction on a 4.9-acre site located on the south side of East Santa Clara Street, between 4th and 6th Streets. Major components include an 18-story office tower, a council chamber wing, an open public plaza with a rotunda, plus a 372-vehicle underground parking garage to serve the visiting public and some staff.

Public Buildings (Cont'd.)

The voters approved the Neighborhood Security Act Bond Measure in March 2002. The bond measure provides $159 million to fund capital improvements in the Public Safety CSA. This bond measure will begin its fourth year of implementation in July 2005.

As of the fourth quarter of 2004-2005, the design of the second Community Policing Center (CPC), the West CPC, is 100% completion and is scheduled to award the construction bid in the first quarter of 2005-2006. Remodeling construction and telecommunication upgrades have been completed for six fire stations - Nos. 4, 7, 8, 13, 16, and 26. Property acquisition activities are complete for three of the fire station sites, one CPC site, and are progressing on two other fire station projects, the South Police Substation and the Public Safety Driver Training Center. In 2005-2006, staff will engage in significant design activities on the South Police Substation, the Emergency Communications Dispatch Center (9-1-1), the Public Safety Driver Training Center, the Fire Training Center, as well as Fire Station Nos. 2, 12, 17, 25, 34, 35, and 36. In addition, the award and commencement of construction for Fire Stations 17, 25, 33, 34, and 35 will significantly engage staff resources throughout the next fiscal year.

Streets and Transportation Facilities

The Streets and Transportation Facilities Operational Service supports the Transportation CSA outcomes *Provide Viable Transportation Choices* and *Preserve Transportation Assets to Enhance Community Livability*. Until recently, expenditures on street maintenance were guided by a 10-Year Street Maintenance Recovery Plan that began in 1996-1997. From 1997 to 2002, the percentage of streets rated in "fair or better" condition rose from 86.2% to 93.4%. Given the current economic restraints on the General Fund as well as the revenue sources supporting the Traffic Capital Program, the focus of the street maintenance effort will be on preventative maintenance including surface seal treatments. Resurfacing work, which is more expensive, will be limited. As a result of the current lack of funding for this program, the condition of streets rated fair or excellent in 2005-2006 is estimated to slip to 81%.

Staff has been successful in delivering a combination of Street Lighting and Traffic Signal Projects. During 2004-2005, an estimated 357 new streetlights will be installed and approximately 340 existing streetlights were upgraded. Given funding constraints, capital funding for new streetlights and traffic signals will be significantly curtailed in 2005-2006.

Storm Sewers and Sanitary Sewers

The Storm Sewers and Sanitary Sewers Operational Service supports the Environmental and Utility Services CSA outcome *Reliable Utility Infrastructure.*

The 900-mile Storm Sewer System, which is separate from the Sanitary Sewer System, collects and conveys storm water runoff to nearby creeks and rivers. Major projects budgeted in the

Performance and Resource Overview (Cont'd.)

Storm Sewers and Sanitary Sewers (Cont'd.)

2006-2010 Adopted Capital Improvement Program (CIP) include the design and construction management of the following projects: the Albany-Kiely Storm Drainage Improvement Phases II through IV, the Chateau Drive Storm Drain Improvement Phases I and II, the Storm Pump Station Rehab & Replacement, the Storm Drainage Improvements in Special Corridors, and the Willow Glen-Guadalupe Storm Drain Improvement Phase III. These projects will include, where applicable, the installation of technology and infrastructure that is designed to improve the water quality and runoff to creeks and rivers.

The final year of the 4.5% rate increase approved by the City Council in 2002-2003 provided funding to implement the capital improvements in the Storm Sewer System through 2004-2005. A new three-year 4.5% rate increase from 2005-2006 through 2007-2008 was approved to support an enhanced capital program, as described above. Without these increases, most of these projects and numerous other investments in the Storm Sewer CIP would need to be dropped or delayed.

Other major efforts programmed in the Storm Sewer Operating Fund are the implementation of the Regional Water Quality NPDES Permit, Provision C.3 requirements. Provision C.3 requires the City to implement measures to control pollution from storm sewer systems to the maximum extent practicable. The City has adopted a policy to ensure the reduction of pollutant discharges from new, redevelopment, and public projects through incorporation of treatment and other appropriate source control and site design measures. This provision requires hydraulic design and sizing of storm water treatment and pollution control basins and related facilities. The designs of these facilities involve the City engineering, planning, and environmental services staff.

The Sanitary Sewer System consists of approximately 2,000 miles of sewer mains ranging in diameter from 6 to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant (WPCP). The value of the system is estimated at $1 billion.

Expenditures for Sanitary Sewer projects are forecasted to total $109 million over the next five years, of which $41.5 million is allocated in 2005-2006. Program funding is allocated to construct sewer improvement projects that either enhance sewer capacity in substantially built-out areas or rehabilitate existing sewers, with higher priorities given to those with extensive, severe deterioration.

The majority of program funding ($57.0 million) will be focused on high priority rehabilitation projects over the next 5 years. Within the Sanitary Sewer Program, rehabilitation projects are selected based on studies, maintenance records and reports, and actual pipe failures. Major rehabilitation projects include the 60" brick Interceptor and the 84" Reinforced Concrete Pipe Interceptor projects. In addition, major Sanitary Sewer projects in the Adopted 2006-2010 CIP

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Storm Sewers and Sanitary Sewers (Cont'd.)

continue to be those related to the construction and/or rehabilitation of the North San José Interceptor System and those related to capacity improvement, such as the Edenvale Sanitary Sewer Supplement, Phase V project. In recognition of Council's attention to neighborhood services, additional emphasis is being given to the study, design, and implementation of neighborhoods serving sanitary sewer rehabilitation projects over the next five years to support the improvement of local neighborhood sewer systems.

In addition, projects that reduce the inflow and infiltration of water to the sewage delivered to the WPCP continue to be emphasized in the Sanitary Sewer System, subject to budgetary constraints. These projects help reduce the volume of sewage that is delivered to the WPCP.

	Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯	% of delivered projects that attain established design and construction goals	N/A*	NA*	85%	85%
🎯	% of projects completed within the approved baseline budget	N/A*	90%	91%	90%
$	% of Public Works costs (exclusive of city-wide overhead) for the design and construction phases of a project compared to total construction costs for completed projects:				
	Less than $500,000	N/A*	TBD**	34%	TBD**
	Between $500,000 and $3M	N/A*	TBD**	18%	TBD**
	Greater than $3M	N/A*	TBD**	16%	TBD**
🕒	% of projects with duration between design start and beneficial use that are delivered within two months after approved baseline schedule	76% (85 of 112)	85%	76% (69 of 91)	85%
🎗	% of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product	N/A*	80%	70%	80%

* 2003-2004 information was not captured or formatted properly for this measurement. Baseline data collected in 2004-2005.

** 2004-2005 is the first year of data collection for this measure. The sample size is still too small to establish this target.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🕐 Operational Service: Airport Infrastructure % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule	67% (2 of 3)	85%	50% (2 of 4)	85%
🕐 Operational Service: Parks and Recreation Facilities % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule	74% (43 of 58)	85%	59% (17 of 29)	85%
🕐 Operational Service: Public Buildings % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule	100% (7 of 7)	85%	80% (4 of 5)	85%
🕐 Operational Service: Streets and Transportation Facilities % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule	71% (25 of 35)	85%	87% (33 of 38)	85%
🕐 Operational Service: Storm Sewers and Sanitary Sewers % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule	89% (8 of 9)	85%	87% (13 of 15)	85%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast**	2004-2005 Estimated**	2005-2006 Forecast
Number of construction projects delivered	122	101	99	82
Total construction cost of projects*	$92,000,000	$469,000,000	$459,000,000	$127,000,000

* For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

** The 2004-2005 Forecast and Estimate figures include the total construction costs for the New City Hall, except for the parking garage, which is included in the 2005-2006 Forecast.

Core Service: Plan, Design and Construct Public Facilities and Infrastructure

Public Works Department

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 34,339,546	$ 28,772,668	$ 30,110,101	$ 28,648,573	(0.4%)
Non-Personal/Equipment	267,641	218,920	213,920	183,920	(16.0%)
Total	**$ 34,607,187**	**$ 28,991,588**	**$ 30,324,021**	**$ 28,832,493**	**(0.5%)**
Authorized Positions	**334.16**	**297.25**	**298.68**	**284.13**	**(4.4%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. Public Works Capital Improvement Program Staffing	**(14.55)**	**(1,420,498)**	**0**

Public Works staff has completed a department-wide staffing analysis for the 2005-2006 Adopted Capital Budget. Results of this analysis indicate that 22.55 positions (14.55 vacant and 8.0 filled) will not be required to support the projected workload. These reductions correspond to a reduction in the number of projects that will be funded. The elimination of positions in this core service includes two filled positions (1.0 Senior Office Specialist and 1.0 Analyst II) and 12.55 vacant positions: 1.0 Engineering Technician, 1.0 Associate Engineering Technician, 1.0 Associate Construction Inspector, 1.0 Senior Construction Inspector, 1.0 Principal Construction Inspector, 1.05 Senior Engineer, 1.0 Engineer, 2.0 Associate Engineer, 0.50 Structure/Landscape Designer, and 3.0 Building Inspector Combination). (Ongoing savings: $1,420,498)

Performance Results:
Quality, Cycle Time This action will have no effect on the quality or timeliness of project delivery as the reductions align with anticipated workload reductions in the CIP.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
2. Public Works Non-Personal/Equipment and Overtime Efficiencies		(71,030)	(71,030)

This action reduces the Public Works Department non-personal/equipment budget by $30,000 and its overtime budget by $41,030. There will be no impact as a result of these reductions as these costs will be absorbed and shifted to the Public Works Support Operating Fund, if necessary. (Ongoing savings: $71,030)

Performance Results:
No change to service levels will result from this action.

2005-2006 Adopted Core Service Changes Total	(14.55)	(1,491,528)	(71,030)

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Core Service Purpose

Manage the City's data so that critical business processes remain operational; determine, develop, implement and support technology solutions that maximize the delivery of enterprise city services.

Key Operational Services:

- ☐ **Database Administration**
- ☐ **Business Systems**
- ☐ **Customer Service and Performance Management System**
- ☐ **Geographic Information System**
- ☐ **Web Design**
- ☐ **Document Management**
- ☐ **Financial Management System**
- ☐ **PeopleSoft HR/Payroll**
- ☐ **Permits Online**
- ☐ **Capital Projects Management System**

The purpose of the Provide Enterprise Technology Systems and Solutions core service is to determine, develop, support and administer critical data systems to ensure the quality and availability of data in a manner that meets the organizational needs of the City. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

For 2005-2006, the Department reorganized its original five core services into three new core services that better reflect the organization and service delivery structure. This new core service, Provide Enterprise Technology Systems and Solutions, combines the former core service, City-Wide Data Management with the enterprise applications that were previously represented in another former core service, Technology Customer Support. Additionally, services previously provided under the former Technology Solutions Consulting and Technology Strategic Planning core services are now incorporated into each of the three new core services.

Database Administration

In 2004-2005, efforts continued to develop the data warehousing process, which integrates data from a variety of sources, while minimizing impacts to production systems. The data warehouse contains data from the City's Financial Management System (FMS), Human Resources/Payroll, San José Permits Online, Geographic Information System (GIS), and Business License systems. Current applications that use the data warehouse include the Capital Improvement Program (CIP) and the Employee Badge applications, as well as several other departments using the database for analytical purposes. Existing efforts include incorporating the warehouse into a Unified Customer Database

Database Administration (Cont'd.)

(UCD). This UCD data store will be used to identify customers in all financial applications such as Customer Service, Utility Billing and Hauler Contract Management systems (CUSP) and San José Permits Online. The UCD will be the foundation for the Integrated Cashiering System, which will allow customers to pay for fees from multiple departments and systems in a single transaction at the New City Hall.

The city-wide data administration function includes monitoring, maintenance, and implementation of patches and upgrades, which improves the stability and performance of enterprise databases. Performance is measured by the enterprise level databases of the FMS and the Peoplesoft HR/Payroll System. The estimated percentage of time data will be available during 2004-2005 is 98%, an improvement compared to actual availability for 2003-2004 of 95%. The target for 2005-2006 remains at 100%.

Business Systems

Oversight continued for a major redirection of resources from central support of the existing VAX mainframe to support of a network of integrated applications. Much analysis was performed to map migration paths for each application and to combine efforts and resources when possible. Internal resources were mostly used to reprogram the archaic applications to new platforms or to incorporate them into existing systems. As a result, new applications running on updated technology sharing information vital to city services now are more efficient to support and maintain.

The Department is responsible for approximately 85% of 8,000 e-mail boxes city-wide. In 2004-2005, the process of implementing Active Directory and Exchange 2003, began in preparation for the technology upgrades at the New City Hall. Active Directory will provide a single city-wide authentication model and a single administration model reducing overlapping services provided by various City technology groups. This technology will also be an enabler for other applications and will provide much of the single sign-on capabilities for future initiatives. Exchange 2003 will provide increased availability of e-mail services through the use of a clustered e-mail system, better disaster recovery through a comprehensive backup strategy, and improved functionality through new versions of Outlook Web Access. Examples of such applications include the Interactive Voice Recognition Corporate Phone directory application, PeopleSoft HR/Payroll application enhancements, Voice Over Internet Protocol (VoIP) unified messaging, and network based fax components.

The estimated 2004-2005 performance level is 99.3% for e-mail system availability during business hours as compared to the target of 100%. Factors that negatively affect e-mail system availability include virus attacks and corrupt message errors, such as headers exceeding byte limits and message-forwarding loops. Systems availability in 2004-2005 for FMS and the Peoplesoft HR/Payroll System are estimated to meet the targets of 99.0%.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Performance and Resource Overview (Cont'd.)

Customer Service and Performance Management System (CUSP)

The CUSP project will be included in this core service beginning in 2005-2006. CUSP is an application that addresses three main functional areas: Customer Relationship Management; Utility Billing System; and Partner Relationship Management for city-wide utility billing needs. Efforts are underway to participate in a comprehensive business process to assess needs and features. Results of this analysis will define the statement of work and scope of services of the project implementation. The City Council approved the purchase of the PeopleSoft Enterprise Revenue Management software and five Customer Relationship Management modules to be implemented as part of the overall CUSP project to facilitate the integration of several of the City's existing call centers.

Geographic Information Systems (GIS)

In a joint effort with the Santa Clara Valley Water District, and the County of Santa Clara, the City of San José GIS team has been working diligently to update the GIS map information used for several applications including Computer Aided Dispatch, San José Permits Online, and eventually, CUSP. The updated map will allow for the three agencies to share and exchange information easily.

Web Design

In order to assist departments to post information to the City's website, the web team researched and developed a process where non-technical City staff can update website content. This is accomplished through the use of a software product called Contribute, made by Macromedia. The team also conducted training for administrators and users on the new update process. Additionally, the team added a web editing class to the city-wide training schedule that combines the use of Contribute with the functional components developed for the web coordinator classes.

Document Management

Work is in progress to enable the City Clerk's Office to streamline the agenda and minutes preparation process and to automate labor-intensive systems as much as possible. In 2004-2005, efforts began to define requirements for a city-wide electronic document management system to support the January 25, 2005 Mayor and City Council directive for processing Public Records Act requests.

Committing resources to the degree required to implement and support the new technology in the New City Hall while maintaining existing shared systems will challenge this core service's ability to meet the technology demands of the organization. As a result, performance for the "% of service requests resolved within established guidelines: 4 hours for all other requests" measure is estimated to decrease to 63% in 2004-2005 compared to actual 2003-2004 performance of 81%. In addition,

Performance and Resource Overview (Cont'd.)

Document Management (Cont'd.)

the target has been reduced to 60% for 2005-2006. Workload for projects will continue to increase and some projects will be delayed until higher prioritized projects are completed. Response time to customer requests will be lengthened causing decreased customer satisfaction.

In 2005-2006, the elimination of funding to purchase parcel and homeowner data for the older VAX systems was approved. The same information is being obtained through an information sharing arrangement between the Building Division and the Santa Clara County Assessor's Office; there will be no performance impact from this action.

A building fee-supported Supervising Applications Analyst position to provide additional programming support needed for increasingly complex imaging software applications was approved. This position will provide oversight for the technical operation of the Imaging Section for the Planning, Building and Code Enforcement Department. Funding for this position's costs will be offset by the deletion of a position in the Planning, Building and Code Enforcement Department.

Performance Measure Development

Existing performance measures from the previous City-Wide Data Management core service and from the enterprise application function previously represented in the Technology Customer Support core service have been incorporated into this new core service. Four new Activity and Workload Highlights have been added to indicate the level of activity in this new core service. Three of these report the number of users for enterprise applications: E-mail, FMS, and PeopleSoft. The fourth new highlight reports the number of application repair requests submitted by these users. This measure indicates the volume of trouble calls this core service receives. One of the new workload highlights, "the number of PeopleSoft users" is estimated to be 420 in 2004-2005. This number is forecast to be 6,500 in 2005-2006 as the PeopleSoft team anticipates rolling out the eBenefit capability to all employees.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Performance and Resource Overview (Cont'd.)

Provide Enterprise Technology Systems and Solutions Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
% of time data is available to approved data users during normal business hours	95%	100%	98%	100%
% of time system is available during normal business hours				
- E-mail	99.3%	100.0%	99.3%	100.0%
- Financial Management System	98.4%	99.0%	99.0%	99.0%
- PeopleSoft	99.5%	99.0%	99.7%	99.0%
% of service requests resolved within established guidelines:				
- 1 hour for urgent requests	84%	90%	72%	70%
- 4 hours for all other requests	81%	85%	63%	60%
% of customers rating data availability and quality of data as good or excellent				
- availability	65%	80%	80%	80%
- quality	95%	80%	80%	80%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of centralized E-mail users	6,111	N/A*	6,769	7,300
Number of FMS users	625	N/A*	700	700
Number of PeopleSoft users	414	N/A*	420	6,500
Number of application repair requests	700	N/A*	850	950

* New measure for 2005-2006.

Provide Enterprise Technology Systems and Solutions Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,503,570	$ 3,728,603	$ 3,806,052	$ 3,923,553	5.2%
Non-Personal/Equipment	1,026,191	1,086,940	584,061	559,061	(48.6%)
Total	**$ 4,529,761**	**$ 4,815,543**	**$ 4,390,113**	**$ 4,482,614**	**(6.9%)**
Authorized Positions	**30.75**	**32.50**	**32.50**	**33.50**	**3.1%**

---

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Provide Enterprise Technology Systems and Solutions

Information Technology Department

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Geographic Information Systems (GIS) Data Efficiencies		**(25,000)**	**(25,000)**

This action eliminates funding to purchase address and parcel data files from the County on an ongoing basis. The Business Tax, Fire Inspection and Property databases maintained on the VAX will use an alternate method to obtain the same information. Instead of purchasing this information from the County, information could be obtained from the Application Management and Data Automation (AMANDA) system. (Ongoing savings: $25,000)

Performance Results:
No change to service levels will result from this action.

2. Imaging Technical Manager	**1.00**	**117,501**	**117,501**

This action adds a Building Fee-Program supported Supervising Applications Analyst position to provide the programming support for the development partners' complex imaging software applications. The position will oversee the technical operations of the Imaging Section and provide critical and timely technical support to imaging-related programming issues in Information Technology Department's Document Management Section. In the Planning, Building and Code Enforcement Department, elimination of a Division Manager in the Building Division was approved to offset the addition of this position. (Ongoing costs: $119,903)

Performance Results:
Cycle Time Reduces the length and number of unplanned service interruptions accessing imaged documents. ***Customer Satisfaction*** Provides the programming support needed for the increasing complex software applications necessary to respond to customer demands.

2005-2006 Adopted Core Service Changes Total	**1.00**	**92,501**	**92,501**

Core Service: Purchasing and Materials Management

Finance Department

Core Service Purpose

To purchase and provide quality products and services in a cost-effective manner.

Key Operational Services:

☐ **Procurement**	☐ **Records Services**
☐ **Central Services**	☐ **Warehouse Services**

Performance and Resource Overview

Purchasing and Materials Management services are provided on a daily basis to all City departments, enabling them to meet customer needs. For 2005-2006 these services, previously shown separately in this document in the General Services Department, have merged into a single core service. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment.* The goal of this core service is to provide timely and reliable services to all CSAs so customers get what they need, when they need it. Purchasing and Materials Management contribute to all CSAs by providing support services and products that enable departments to meet their service delivery goals to residents. The core service also strives to provide outreach to the business community and ensure that public funds are spent wisely through competitive processes and cooperative purchasing with other government agencies.

Procurement

In 2004-2005, the Procurement section further enhanced the Request for Proposal documents and processes and utilized web-based electronic solicitation tools on high dollar procurements. The Procurement section is on track to generate over $7 million dollars in cost savings through requirement consolidation (i.e. furniture and desktop computers) and maximizing the use of competitive solicitations. In 2004-2005, one of the core service's larger priorities was the successful procurement of products, materials, and services associated with the opening of the New City Hall. Purchasing also worked closely with the Airport Department to forecast and prepare for new equipment purchases associated with the infrastructure improvements at the Airport related to the passage of Measure A.

Outreach efforts to the small and local business community continue with Procurement playing a key role in workshops and forums such as "How to do Business with the City of San José" (Entrepreneurial Center) and "Challenges 2004 - Pursuing Survivor Strategies" (2004 Silicon Valley Business Expo and Conference). Improvements to processes and elimination of inhibitors will further enhance these efforts. The 2005-2006 forecast figures for the "% of purchase orders processed within established timeframes" is higher than 2004-2005 estimated levels as the department expects all vacancies to be filled in 2005-2006.

Core Service: Purchasing and Materials Management

Finance Department

Performance and Resource Overview (Cont'd.)

Central Services

Central Services is comprised of the Mail Room, Copy Center, Surplus Goods Management, Moving Services, and Recycling Services. As anticipated, Central Services had an active role in 2004-2005 by participating in sub-committees for space design, facilities management, warehouse delivery, and mailroom planning for the New City Hall. The loss of an Archivist position in this core service limited the Division's ability to facilitate the completion of City retention schedules in an accurate and timely manner. The effectiveness of the Records Information Management program, such as conversion to electronic records, was also affected by the elimination of the position.

Records Services

Records Services (paper and electronic documents), includes Retention Schedules, Vital and Historic Records, Inactive Records Storage, and Historic Resources. Warehouse Services includes Stores, Central Receiving and Delivery for both scheduled, interdepartmental routing and ad hoc drayage of large items.

Warehouse Services

The automated warehouse system continues to be an effective streamlining tool for improving cycle time, inventory accuracy, and accounting efficiencies. The Warehouse section conducts on-going analyses of all commodities stored on-site to determine the potential for inventory consolidation, cost savings and supplier direct shipping. As a result of these analyses, as well as consultation with key customers, numerous commodities have been consolidated and the standing inventory has been reduced. Warehouse staff has analyzed the Environmental Protection Agency friendly commodity list and has initiated a replacement strategy for more environmentally friendly products.

Performance Measurement Development

Prior to 2005-2006, the budget for this core service was in the General Services Department and split between the Purchasing core service and the Materials Management core service. For 2005-2006, these core services were consolidated and transferred to the Finance Department as part of a Strategic Support CSA reorganization. As a result, enhanced performance measures are included in this document.

Performance and Resource Overview (Cont'd.)

Purchasing and Materials Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
% of cost savings achieved through the purchasing process	8%	8%	8%	9%
Cost of purchasing services as a percentage of the total dollars procured	1.5%	1.4%*	1.4%	1.3%
% of customers who rate services as good or better, based on a 5-point scale based on courteous and timely responses to requests for information				
- Purchasing	50%	60%	60%	65%
- Materials Management	96%	95%	96%	95%

* The 2004-2005 target displayed in the 2004-2005 Adopted budget was incorrect. This figure represents the corrected figure.

Selected Operational Measures	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
% of purchase orders (PO's) processed within established timeframes				
- 8 days for PO's < $5,000	75%	60%	50%	70%
- 15 days for PO's > $5,000	70%	55%	40%	60%
% of time a request for record retention item is				
- Picked-up within two days	100%	95%	100%	100%
- Delivered within one day	100%	95%	100%	100%
% of time a request for a warehouse item is furnished within one day				
- Picked-up	99%	97%	98%	98%
- Delivered	97%	95%	98%	98%

Core Service: Purchasing and Materials Management

Finance Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for services				
- Purchasing Services	$1.27M	$1.21M	$1.21M	$1.10M
- Materials Management Services	$1.31M	$1.49M	$1.49M	$1.37M
Total dollars procured	$83.8M	$85.0M	$85.0M	$86.7M
Total cost savings	$6.4M	$7.0M	$7.0M	$7.7M
Total dollars recovered from surplus sales	$236,000	$150,000	$250,000	$200,000
Number of purchase orders (PO's) processed within:				
- 8 days for PO's < $5,000	525	420	350	500
- 15 days for PO's > $5,000	980	650	480	720
Number of record retention requests:				
- Picked-up within two days	8,500	9,500	7,500	9,000
- Delivered within one day	1,000	950	1,000	1,000
Number of warehouse line items:				
- Picked-up within one day	26,400	26,300	24,500	24,500
- Delivered within one day	20,400	21,000	19,500	19,500

Purchasing and Materials Management Resource Summary**	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,339,182	$ 2,296,871	$ 2,073,808	$ 2,073,808	(9.7%)
Non-Personal/Equipment	240,959	412,882	397,997	397,997	(3.6%)
Total	**$2,580,141****	**$2,709,753****	**$ 2,471,805**	**$ 2,471,805**	**(8.8%)**
Authorized Positions	**32.25**	**29.25**	**26.00**	**26.00**	**(11.1%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

** The 2003-2004 Actual and 2004-2005 Adopted figures are displayed for reference, and are not included in the Finance Department Budget Summary as this core service was in the General Services Department prior to 2005-2006. These figures are reflected in the Budget Summary for the General Services Department.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Core Service: Revenue Management

Finance Department

Core Service Purpose

Collect and invest the City's resources to enhance the City's financial condition.

Key Operational Services:

☐ **Revenue Collection**

☐ **Investments**

Performance and Resource Overview

Revenue Management refers to the general oversight of the City's financial resources. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community.* This outcome is supported by developing and streamlining business systems and processes that support the delivery of City services; and through timely cash collection and prudent investment of the City's cash. For 2005-2006 these services are displayed in their own core service. Previously they had been displayed under the Financial Management core service, which has since been eliminated.

Over the course of the last three years, Revenue Management staff has been engaged in conducting compliance reviews for the third largest revenue source to the City's General Fund – the Utility User's Tax (UUT). During the course of conducting these reviews, Revenue Management staff has found multiple instances of non-compliance requiring a high level of follow-up to assure the outstanding tax owed the City is ultimately collected. During the first three quarters of 2004-2005, $378,054 was collected as a result of the Utility User Tax compliance reviews. In addition, staff continues to work with several other utility service providers to determine final amounts due the City as a result of the reviews. During 2005-2006, staff will be expanding the UUT compliance review effort to include all providers of cellular phone service in San José.

Subsequent to November 1998, after a City of San José ballot measure to extend a Utility User Tax to interstate and international telephone calls failed, the City had collected, but did not recognize as revenue, $1,460,600 of Utility User Tax (UUT). This amount was held in a suspense account while remitters of taxes paid after the defeat of the ballot measure were afforded the opportunity to obtain an appropriate refund during a notification process. During 2003-2004, $1,000,000 was recognized as revenue and transferred into the General Fund. During 2004-2005, the remaining balance of $460,600 was recognized as revenue and transferred into the General Fund.

The Business Information Management System (BIMS) compares various business lead source data files (e.g. State of California Franchise Tax Board, State Resale Permits, Fictitious Business Filings, etc.) to the City's Business Tax Billing System to isolate business not in compliance with the business tax ordinance. This project, which commenced in May 2003, will continue to provide education and outreach to City businesses increasing overall compliance, while generating additional business tax, penalty and interest revenue. Through April 2005, the BIMS Project has yielded an additional $2.26 million dollars to the City's General Fund.

A Business Tax Amnesty program provides delinquent taxpayers an opportunity to forgo paying delinquent penalties and interest during a defined amnesty period while becoming compliant with tax requirements. Increased compliance due to the Amnesty Program should lead to the expected collection of an additional $1 million in business tax revenue in 2005-2006.

For 2004-2005, the average number of days active accounts receivable in the City's automated collection management system (Revenue Plus) were past due is estimated to be 75 days. This is an improvement from the 78 days that was experienced in 2003-2004. The target for 2005-2006 is expected to remain the same at the average level of 75 days. Finance Department collections staff have been strategically placed to heighten the focus on collecting seriously delinquent accounts.

Performance Measure Development

For 2005-2006, the Finance Department has restructured its core services. Components of the Financial Management core service, which has been eliminated, have been split between this core service and the Debt and Risk Management core service. The 'total number of survey responses' was eliminated in the activity and workload highlights section. A combined survey for the Finance and Information Technology Departments are conducted each fiscal year. The survey software allows for the departments to get the customer satisfaction information by core service but does not provide the number of survey responses to a particular core service.

To measure the 'cost of revenue collection services", the labor cost for staff providing these services is compared to the value of the City's total Miscellaneous Accounts Receivables. The cost ratio estimate in 2004-2005 is 10.96% and the 2005-2006 target has been set at 11.25%.

To measure the "cost of investment services", the labor cost for staff providing these services is compared to the value of the City's total Investment Portfolio. The cost ratio estimate in 2004-2005 is .09% and the 2005-2006 target has been set at .10%.

Strategic Support CSA

Core Service: Revenue Management

Finance Department

Performance and Resource Overview (Cont'd.)

Revenue Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
$ Cost of investment services as a percentage of the City's investment portfolio	.07%	.11%	.09%	.10%
$ Cost of revenue collection services as a percentage of the City's total miscellaneous accounts receivable	New Measure	12.04%	10.96%	11.25%
🎗 % of customers who rate Revenue Management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	91%	82%	90%	90%

Selected Operational Measures	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
🕐 Average number of days active accounts receivable are past due	78	75	75	75

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for Revenue Management services				
- Investment services	$1.03M	$1.29M	$1.09M	$1.10M
- Revenue collection services	$3.01M	$3.61M	$3.29M	$3.78M
Total of the City's investment portfolio	$1.40B	$1.18B	$1.16B	$1.16B
Total balance of the City's miscellaneous accounts receivable	New Highlight	$30M	$30M	$30M

Core Service: Revenue Management

Finance Department

Performance and Resource Overview (Cont'd.)

Revenue Management Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 3,689,454	$ 4,035,932	$ 4,240,879	$ 4,240,879	5.1%
Non-Personal/Equipment	349,201	866,208	639,159	1,002,559	15.7%
Total	**$ 4,038,655**	**$ 4,902,140**	**$ 4,880,038**	**$ 5,243,438**	**7.0%**
Authorized Positions	**48.59**	**47.70**	**52.05**	**52.05**	**9.1%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Rebudget: Business Tax Amnesty Program		**228,400**	**228,400**
2. Rebudget: Business Information Management System Lead Project		**135,000**	**135,000**
2005-2006 Adopted Core Service Changes Total	**0**	**363,400**	**363,400**

1. Rebudget: Business Tax Amnesty Program

This action rebudgets resources for non-personal expenditures (i.e. postage, collections, etc.) associated with the implementation of the Business Tax Amnesty Program. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

2. Rebudget: Business Information Management System Lead Project

This action rebudgets one-time resources added in 2004-2005 to support the implementation of the Business Information Management System project. This project is anticipated to generate gross revenue of $1.45 million from business taxes in the current year as well as penalties and interest for prior years. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

Core Service: Support Departmental Technology Services

Information Technology Department

Core Service Purpose

Determine, develop, implement and support technology solutions that maximize the delivery of Technology Services for City Service Areas and ensure optimal resource utilization of technology investments across the City-wide organization.

Key Operational Services:

- ☐ **Public Safety Support**
- ☐ **Aviation Services Support**
- ☐ **Economic and Neighborhood Development Support**
- ☐ **Environmental & Utility Services Support**
- ☐ **Recreation and Cultural Services Support**
- ☐ **Transportation Services Support**
- ☐ **Mayor, Council and Appointees Support**

Performance and Resource Overview

The purpose of the "Support Departmental Technology Services" core service is to enable the service delivery of specific departments through the use of technology. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology.*

For 2005-2006 the Department reorganized its original five core services into three new core services that better reflect the organization and service delivery structure. This new core service, Support Departmental Technology Services, combines the support to departmental applications and networks that was previously represented in the former core service, Technology Customer Support, and the Information Technology Planning Board (ITPB) activities that were previously represented in the former core service, Technology Strategic Planning. Additionally, services previously provided under the former Technology Solutions Consulting and Technology Strategic Planning core services are now incorporated into each of the three new core services.

Information Technology Planning Board

In the fourth quarter of 2004-2005, ITPB is projected to complete a revised charter, which is anticipated to enhance its roles and responsibilities, thereby creating accountability, and forming a structure in which the Department formally interacts with the ITPB and CSAs. Staff positions are being deployed to function as CSA Technology Account Representatives. The overall objective of this effort is to ensure that information technology service issues are addressed consistently throughout the organization and consistent with the Department's practices. Currently many of these resources are focused on the NCH technology implementation.

Information Technology Planning Board (Cont'd.)

In addition, positions that exclusively supported specific departmental applications have been transferred to the client departments as part of a reorganization. The Department will maintain a relationship with specific departmental technology through a structure described by the Information Technology Planning Board (ITPB).

Technology master plans for each of the CSAs will be prepared in 2005-2006. The strategy will be to engage each of the stakeholders and coordinate support for specific technology issues from departments and CSAs. While a complete list of tasks and objectives needs to be confirmed with each CSA guidance group, it is anticipated that these efforts will build on many of the current support efforts already in progress.

The 2005-2006 performance target for customer satisfaction of good to excellent regarding the "timeliness of decisions made" and the "perception of benefit/value added by strategic planning" by the ITPB will be reduced from the 2004-2005 target of 85% to 60%. In 2003-2004, actual survey performance results measured 40% and 46% respectively. A revised ITPB charter was completed in March 2005. The revised charter and enhanced responsibilities are anticipated to revitalize the ITPB role in determining the City's information technology investments and direction and improve customer satisfaction to desirable levels. The performance target for customer satisfaction of good to excellent regarding the impact upon planning and preparation of Information Technology related budget requests will remain at 85% for 2005-2006 because a major focus will be placed on master planning during the year.

Public Safety Support

The final chapter in the Police Department's automation effort is the Automated Reporting System (ARS), also known as In-Field Reporting (IFR). The ARS component is the cornerstone of the data entry flow into the Records Management System (RMS) of the Automated Information System. This effort will reduce the gap between data collection and data entry, and thus improve data quality. For example, an officer in the field will have the capability to enter data soon after an event has occurred rather than at a later time and/or by someone who was not present at the scene. To meet this goal, the Department must procure software and hardware, integrate RMS, and install mobile data computers.

This past year the Department has completed the installation of the new Mobile Data Computers in police vehicles. The wireless network has been installed and is operational in the area of the Police Administration and Police Communications Buildings for access back into the Police Department network for transferring reports. The IFR Software is still in a beta test mode for police vehicles and internally in the Bureau of Investigations. In Phase One of this project the reports are written and approved electronically, printed by the officer and turned into the Records Unit for indexing into RMS. The interface between the two systems is scheduled for Phase Two of the project. The installation of additional wireless access points is continuing at Police facilities throughout the City.

Performance and Resource Overview (Cont'd.)

Public Safety Support (Cont'd.)

The Police and Fire Departments have been utilizing Computer Aided Dispatch (CAD) systems since San Josė assumed the responsibilities for communications services in 1990. The CAD system is comprised of software that was designed in the late 1980s and hardware that was upgraded in 1995. Today's modern CAD system provides ease of use and flexibility that the current legacy system cannot offer. In addition, though only eight years old, it has been difficult to find parts for the existing hardware. For these reasons, both the Fire and Police Departments are jointly in the process of replacing the CAD with new state-of-the-art technology.

Once completed, the enhanced 9-1-1 project will enable the Police Department and Fire Communications to locate a call being placed from a cellular phone. The system can locate callers who are within the city limits and are not on a freeway. Calls placed from the freeways are currently routed to the California Highway Patrol instead of the City's dispatch center.

Performance Measure Development

Existing performance measures from the previous Technology Strategic Planning core service have been incorporated into this new core service and additional performance measures are included for 2005-2006. Performance measurements for this core service will focus on employee satisfaction with the technology tools provided to meet service delivery needs. A target has been set for 83% for this performance measure. A new workload highlight to report the number of ongoing ITPB approved projects has been created.

Support Departmental Technology Services Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of managers who say employees have the technology tools they need to support their service delivery functions	77%	85%	85%	87%
🎯 % of employees who say they have the technology tools they need to meet their service delivery functions	85%	80%	80%	83%
🎗 % of responses from IT Planning Board members & departments that are good or excellent in the following areas:				
- Timeliness of decisions made	40%	85%	45%	60%
- Perception of benefit/value added by strategic planning	46%	85%	45%	60%
- Impact upon planning & preparation of IT related budget requests	41%	85%	45%	85%

Core Service: Support Departmental Technology Services

Information Technology Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of CSA master plans updated	N/A*	N/A*	N/A*	7
Number of ongoing ITPB approved projects	NA*	N/A*	8	8
Number of ITPB meetings annually	4	12	14	12

* New performance measure for 2005-2006.

Support Departmental Technology Services Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,516,463	$ 2,836,214	$ 1,934,071	$ 1,934,071	(31.8%)
Non-Personal/Equipment	476,562	343,010	0	0	(100.0%)
Total	**$ 2,993,025**	**$ 3,179,224**	**$ 1,934,071**	**$ 1,934,071**	**(39.2%)**
Authorized Positions	**27.25**	**25.00**	**16.00**	**16.00**	**(36.0%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support CSA

Core Service: Training and Development

Employee Services Department

Core Service Purpose

Provide programs that build the capacity of individual employees.

Key Operational Services:

- ☐ **Classroom Training Programs**
- ☐ **Leadership and Management Training Programs**
- ☐ **Certificate Programs**
- ☐ **New Employee Orientations**
- ☐ **Tuition Reimbursements**

Performance and Resource Overview

The Training and Development core service strives to develop individual employees as valuable components of a high-performing workforce. This core service is related to the Strategic Support CSA's outcome: *A High Performing Workforce that is Committed to Exceeding Customer Expectations.*

The Training and Development core service offers a city-wide training program that focuses primarily on the New Employee Orientation Program (NEO), leadership development (Art and Practice of Leadership - APL) and supervision training (Leadership and Supervision Academy - LSA), and a selection of classes teaching computer, communication, technical, and City operations skills. This city-wide training program was developed in cooperation with the City Manager's Office and departmental training representatives so that it would be responsive to the needs of the City organization and would complement departmental training programs.

During 2004-2005, six sessions of NEO were offered to newly-hired benefited employees. Session topics included organizational values, policies and practices. LSA was offered three times in 2004-2005, graduating 91 of the organization's 1,000 supervisors and managers. Twenty-eight percent of the City's supervisors have now received training and are now more effective in the areas of employee performance management, ethics, hiring, and setting goals and targets. Of those who attended the LSA in 2004-2005, 93% rated the curriculum as good to excellent for relevance to job and career development and quality of instruction. Training and Development offered a new leadership development program this year. The first class of APL included 23 managers from 15 departments. The purpose of this program is to train and develop a diverse and highly talented employee group to take on the highest levels of responsibility and leadership within the City organization. This program was highly successful as 95% of participants rated the curriculum as good to excellent for relevance to job and career development and quality of instruction. Overall, 200 training courses are estimated to be offered in 2004-2005. The "% of supervisors who say training improves employees' job performance" is estimated to be 85% in 2004-2005, a slight decline from 2003-2004 (86%).

Core Service: Training and Development

Employee Services Department

Performance and Resource Overview (Cont'd.)

During 2005-2006, the Training and Development core service will focus on implementing a new mentoring program and maintaining the successful training program offered to managers and supervisors and NEO programs. The LSA program will be offered 3 times in 2005-2006, allowing 90 employees to take part in this professional development activity. The APL program will be offered once to provide an additional 25 managers an opportunity to develop advanced leadership skills. In addition, Employee Services will pilot a new mentoring program for employees to participate as mentors or mentees in a structured program. This program will partner an experienced employee (mentor) and a less experienced employee (mentee) for the purpose of sharing knowledge and organizational information and culture. In addition, mentors are offered the opportunity to improve their own coaching and leadership skills by participating in the program. Goals of all programs include retaining and optimizing internal talent, enabling diversity in management staff, and preserving institutional memory. With an estimated one-third of the current work force eligible to retire within the next five years, these programs are critical to establishing a high-quality succession plan for continuity of leadership.

The number of training courses is forecasted to be slightly lower in 2005-2006 based on decreased demand for computer training. Resources will be shifted to the development and implementation of the new mentoring program pilot described above.

Training and Development Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of supervisors who say training improves employees' job performance	86%	85%	85%	85%
🎯 % of employees rating the effectiveness of training classes as good to excellent	85%	85%	90%	90%
🕒 % of training requests filled within time objectives	90%	90%	85%	85%
🎗 % of customers very satisfied with employee development services (4 or better on a 1-5 scale)	97%	95%	95%	95%
🎗 % of attendees who say that the training class met their objectives	85%	85%	95%	95%

Core Service: Training and Development

Employee Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of training courses offered	270	150*	200	175
Number of training hours provided	1,625	1,331*	1,775	1,331
Number of training registrations processed	5,500	2,700*	3,600	2,700
Number of training attendees	3,000	1,238*	1,650	1,238

* Reflects a change in calculation methodology for this measure.

Training and Development Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 256,162	$ 262,521	$ 195,421	$ 195,421	(25.6%)
Non-Personal/Equipment	0	0	0	0	N/A
Total	**$ 256,162**	**$ 262,521**	**$ 195,421**	**$ 195,421**	**(25.6%)**
Authorized Positions	**3.00**	**3.00**	**2.00**	**2.00**	**(33.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support CSA

Strategic Support

Employee Services Department

Strategic Support represents the services provided within departments that support and guide the provision of the core services. Strategic Support within the Employee Services Department includes:

- ☐ **Administration**
- ☐ **Customer Service**
- ☐ **Personnel Management**
- ☐ **Human Resources Systems Management**
- ☐ **Records Management**
- ☐ **Customer Service**

Performance and Resource Overview

Strategic Support in Employee Services Department includes the underlying systems that allow the department to function such as personnel, budget, information systems management, records management, and customer service.

In the Mayor's March 2005 Budget Message, direction was given to identify areas where duplications could be eliminated and greater efficiencies could be achieved. The elimination of a Principal Account Clerk position in the Employee Services Department was approved with the duties of the position to be fulfilled by the Finance Department. It is expected that the Finance Department would be able to absorb the additional workload without significant impact to services and provide more efficient and streamlined oversight to the financial activities in the Employee Services Department.

The elimination of a vacant part-time Office Specialist position assigned to the department's front counter was also approved. Existing clerical staff will permanently absorb the duties of this position.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,085,889	$ 901,839	$ 802,528	$ 705,746	(21.7%)
Non-Personal/Equipment	100,273	124,263	124,263	124,263	0.0%
Total	**$ 1,186,162**	**$ 1,026,102**	**$ 926,791**	**$ 830,009**	**(19.1%)**
Authorized Positions	**8.50**	**8.50**	**7.50**	**6.00**	**(29.4%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Strategic Support Staffing	(1.50)	(96,782)	(96,782)

This action eliminates a vacant part-time Office Specialist II position (0.5 of 1.5 Office Specialist II positions in this core service) and a filled Principal Account Clerk position (1.0 of 1.0 Principal Account Clerk positions in the Employee Services Department). The responsibilities of the Account Clerk, including timekeeping, accounts receivable, and accounts payable transactions, will be shifted to the Finance Department. The responsibilities of the part-time Office Specialist II position will continue to be assumed by the remaining support staff in this core service. (Ongoing savings: $103,289)

Performance Results:
Cycle Time/Customer Satisfaction There will be a minimal increase in customer response times as existing staff absorbs the additional workload.

2005-2006 Adopted Strategic Support Changes Total	(1.50)	(96,782)	(96,782)

Strategic Support

Finance Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Finance Department includes:

Key Operational Services:

- ☐ **Analytical Support**
- ☐ **Budget/Fiscal Management**
- ☐ **Contract Administration**
- ☐ **Computer Network Services**
- ☐ **Human Resources Management**
- ☐ **Administrative Support**

Performance and Resource Overview

Within the scope of Strategic Support, departmental core services are guided through planning, organizing, directing, and evaluating service delivery to achieve departmental objectives. These support services ensure that programs and services are developed, implemented and enhanced in a manner consistent with City policies and procedures. In addition, Strategic Support is instrumental in the delivery of direct services to the public and in providing coordinated responses to requests for information by other departments, the City Administration, and the City Council.

Due to challenges presented by budgetary constraints, Strategic Support services will be reduced in 2005-2006. Strategic Support will be reduced by one Staff Specialist position, which had been responsible for assisting with general administrative duties. This position has been vacant for over a year and all of the duties have since been distributed to remaining support staff. In 2004-2005, computer network staff support was reduced by the elimination of a Network Technician. This cutback reduced support for the Finance Department network, personal computers and servers including the enterprise utility billing system (Socrates). These services were added to the responsibilities of the remaining network support position, resulting in longer response times and delays for support on PCs, servers, and the enterprise utility billing system. The customer satisfaction target and estimate for 2004-2005 is 70%, and will remain unchanged in 2005-2006.

In 2004-2005, an estimated 6% of the Finance Department's 107 employees will receive 40 hours of relevant training annually and 8% of employees will receive 20 hours of relevant training annually. A factor impacting performance in this area was the high vacancy rates experienced since the city-wide hiring freeze. Due to increased workload and service demands, many staff members were unable to meet the 40-hour training goal. As workloads continue to increase and staffing levels decrease, the target will be reduced to 5% of employees receiving 40 hours of training in 2005-2006. The number of training hours provided is expected to remain constant at 700 in 2005-2006.

Performance and Resource Overview (Cont'd.)

Performance Measure Development

The cycle time performance measures for personnel and financial transactions have been eliminated for 2005-2006. Currently, various levels of performance measures have been developed for departments included in the Strategic Support CSA. During 2005-2006, the CSA is going to coordinate and establish performance measures that will be used by each department included in the CSA.

The total number of survey responses was eliminated from the activity and workload highlights section. A combined survey for the Finance and Information Technology Departments is conducted each fiscal year. The survey software allows for the departments to get the customer satisfaction information by core service but does not provide the number of survey responses to a particular core service.

Strategic Support Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
% of employees receiving 40 hours *of relevant training annually*	8%	6%	6%	5%
Ratio of strategic support services cost to total department budget	12%	10%*	13%	9%
% of customers rating strategic support services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	75%	70%	70%	70%

* The 2004-2005 target displayed in the 2004-2005 Adopted budget was incorrect. This figure represents the corrected figure.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total cost for Strategic Support services	1.61M	1.38M	1.31M	1.37M
Total department budget	9.77M	10.62M	9.79M	13.17M
Total number of department employees	110	105	107	132
Total number of Strategic Support employees	13.5	10	10.5	9.5
Total number of employees receiving 40 hours of relevant training	7	6	6	7
Total number of training hours provided	811	700	700	700

Strategic Support

Finance Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,390,369	$ 1,131,738	$ 1,190,096	$ 1,119,426	(1.1%)
Non-Personal/Equipment	217,733	247,191	253,191	253,191	2.4%
Total	**$ 1,608,102**	**$ 1,378,929**	**$ 1,443,287**	**$ 1,372,617**	**(0.5%)**
Authorized Positions	**13.51**	**9.68**	**10.50**	**9.50**	**(1.9%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
1. Financial Services Staffing and Funding Shift	**(1.00)**	**(70,670)**	**(107,926)**

This action eliminates 1.0 vacant Staff Specialist from the Finance Department. This action should have no impact to current service levels as the duties for this position have already been redistributed to the remaining 9.5 positions in strategic support. In addition, funding for 0.33 of a Financial Analyst will be shifted from the General Fund to the Public Works Program Support Fund. This position assists in the calculation of Public Works overhead rates associated with tax exempt and general obligation bond financed capital projects. (Ongoing savings: $70,670)

Performance Results:
No change to service levels will result from these actions.

2005-2006 Adopted Strategic Support Changes Total	**(1.00)**	**(70,670)**	**(107,926)**

Strategic Support CSA

Strategic Support

General Services Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within General Services includes:

Key Operational Services:

- ☐ **Network/Computer Systems Management**
- ☐ **Budget/Fiscal Management**
- ☐ **Property Management**
- ☐ **Programmatic/Administrative Support**
- ☐ **Strategic Planning/Leadership**

Performance and Resource Overview

Strategic Support provides administrative support for the General Services Department. Strategic Support includes network and computer systems management, fiscal management, property management and organizational development.

The General Services Department has undergone several transitions that will be very challenging for Strategic Support. The move of the Parks Maintenance Division to the Parks, Recreation and Neighborhood Services Department (PRNS) will result in the loss of a Senior Account Clerk position that was responsible for payments of all leases, utilities, and contracts. The move of the Purchasing and Materials Management core services to Finance will also result in the loss of a Senior Account Clerk who performed timekeeping functions and oversaw the payment of all open purchase orders. The accounting section is integrated so that each position supports not one division of the department, but the department as a whole. Distributing the workload in this way is more efficient and necessary as the section was reduced by prior budgetary actions.

The transition of programs and resources to the Finance Department and PRNS has necessitated a shifting of workload responsibilities among the remaining accounting staff. Although several job functions are being transitioned out of the department, the remaining functions must be redistributed and workloads balanced to meet the existing skill sets of the remaining staff. In addition, two new programs are being added to the department and do not bring with them any additional strategic support resources. The Radio Communications group from the Information Technology Department is being moved into General Services and will require significant administrative support including that required of the Communications Capital Program. In the short-term, the New City Hall will require increased administrative support, particularly in the areas of fiscal and personnel management. The first year of operations for the New City Hall will especially require a higher level of support with initial hires, service contract development, open purchase orders for materials and services until work order data are all determined and established. With these transitions, Strategic Support will be challenged to maintain its current level of support not only to the department, but also to the city-wide functions it supports, such as property management, leases and processing utilities payments.

Strategic Support

General Services Department

Performance and Resource Overview (Cont'd.)

Strategic Support will continue to strive to meet customer expectations and to maintain quality standards. However, as a result of many transitional changes, staff workloads and responsibilities will be redeployed to meet the organization's highest needs including budget and fiscal management, basic network support, property management, and personnel administration.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,047,345	$ 875,845	$ 995,722	$ 995,722	13.7%
Non-Personal/Equipment	7,438,656	6,637,052	3,745,096	3,745,096	(43.6%)
Total	**$ 8,486,001**	**$ 7,512,897**	**$ 4,740,818**	**$ 4,740,818**	**(36.9%)**
Authorized Positions	**9.00**	**7.00**	**8.75**	**8.75**	**25.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support CSA

Strategic Support

Information Technology Department

Strategic Support represents services provided within the department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within Information Technology includes:

Key Operational Services:

- ☐ **Clerical Support**
- ☐ **Employee Services**
- ☐ **Financial Management**
- ☐ **Training Management**
- ☐ **Special Projects**

Performance and Resource Overview

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,097,491	$ 1,169,859	$ 1,107,149	$ 964,974	(17.5%)
Non-Personal/Equipment	360,679	210,826	210,826	202,826	(3.8%)
Total	**$ 1,458,170**	**$ 1,380,685**	**$ 1,317,975**	**$ 1,167,800**	**(15.4%)**
Authorized Positions	**12.75**	**9.75**	**9.75**	**8.75**	**(10.3%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
1. Deputy Director Staffing Reduction and Reclassification	**(1.00)**	**(142,175)**	**(142,175)**

This action eliminates one of two vacant Deputy director positions in the Information Technology Department and is consistent with the new Information Technology Governance Model approved by the Information Technology Planning Board. Division Managers will report to the remaining Deputy Director position that will be reclassified to Assistant Chief Information Officer (CIO). The Assistant CIO will be responsible for the overall operations of the department. (Ongoing savings: $142,167)

Performance Results:
No change to service levels will result from this action.

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
2. Technology Research Services		**(8,000)**	**(8,000)**

This action reduces ongoing funding for membership with a technology advisory service which provides research and analysis related to technology. The City will purchase a lower level of membership. (Ongoing savings: $8,000)

Performance Results:
No change to service levels will result from this action.

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
2005-2006 Adopted Strategic Support Changes Total	**(1.00)**	**(150,175)**	**(150,175)**

Strategic Support

Public Works Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Public Works Department includes:

Key Operational Services:

- ☐ **Equality Assurance**
- ☐ **Real Estate**
- ☐ **Public Outreach**
- ☐ **Strategic Planning/Leadership**
- ☐ **Infrastructure and Mapping**
- ☐ **Financial and Contractual Administration**
- ☐ **Employee Services**
- ☐ **Capital Improvement Program Database**

Performance and Resource Overview

Strategic Support for the Public Works Department within the Strategic Support CSA provides the following services:

Equality Assurance

Ensures that proper compensation and benefits are paid to workers performing work on City and San José Redevelopment Agency (SJRA) funded construction and housing contracts and City funded service and maintenance contracts. For 2005-2006, Equality Assurance is moving from a core service to a strategic support operational service to complete its transition and integration within Public Works.

For 2005-2006, Equality Assurance will have nine positions to carry out its responsibilities. This represents a reduction of two positions from 2004-2005 and a reduction of five positions since 2002-2003. Reduced staffing levels impact the number of contracts that can be monitored in a responsibly, timely, and efficient manner. The cumulative effects of these annual reductions have necessitated the need to change the service delivery model for labor compliance. Increasing the dollar thresholds for contracts monitored will enable remaining staff to responsibly and effectively monitor large dollar contracts. Revised dollar thresholds have been established based on funding source, type of contract, and staff resources. For 2005-2006, Equality Assurance anticipates that 165 projects with over 1,000 contractors will be monitored for labor compliance.

Real Estate

Provides quality and cost effective real estate services in a timely manner to City departments and the SJRA. Services are performed while assuring the City's compliance with the applicable local, state, and federal government laws and regulations. Services include appraisal, acquisition, relocation, site feasibility analysis, and special projects. In addition, Real Estate supports the city-wide telecommunication program. Beginning in 2005-2006, additional General Fund resources were approved to support this program.

Performance and Resource Overview (Cont'd.)

Public Outreach

Conducts outreach activities to small and local businesses and promotes department contract and consultant opportunities to the business community. Outreach activities include quarterly and annual educational presentations targeted at small and local businesses, inter-departmental development of a small business tracking system and electronic newsletter, and improvements to the Capital Improvement Program Database to allow for on-line registration to deliver e-mail notifications of construction contract and consultant opportunities.

Strategic Planning/Leadership

Provides strategic planning and direction on department-wide issues that may affect multiple CSAs. Promotes organizational development and establishes the framework for an efficient operating structure that promotes the timely delivery of projects and services.

Infrastructure and Mapping

Updates the City's Geographic Information System base maps, the CIP database and web page, and coordinates the Infrastructure Management Systems. The base maps include data on parcels, streets, storm sewers, sanitary sewers, water lines, and streetlights.

Financial and Contractual Administration

Provides fiscal management, accounting services, budget analysis, and centralized contract administration for the Public Works Department. Assists the public with construction issues and invites construction project bids through a bid hotline and the Internet.

Employee Services

Provides recruitment, hiring and promotion services to support all Public Works functions and maintenance of all personnel files and related information. Training support and monitoring, maintenance of the training library, oversight of employee safety and ergonomics programs, and direction of the Employee Recognition Program are also provided to Public Works staff.

Capital Improvement Program Database Enhancement

Plans and implements a software application for project management including project cost estimating, financial data tracking, contract management, performance measurement, and public outreach. The database will be a web-based application with process automation and wireless access capability.

Performance and Resource Overview (Cont'd.)

Performance Measure Development

Prior to 2005-2006, Equality Assurance had been displayed separately as a core service of the Public Works Department. Beginning in 2005-2006, all Equality Assurance resources will be budgeted in the Strategic Support core service and be reflected as an operational service under this core service.

Due to this change, a number of performance measures and workload highlights will no longer be reported in this document. The results and cost of labor compliance services will continue to be reported as selected operational service measures.

	Selected Operation Measures	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯	% of contracts with wage requirements that are brought into compliance	-	100%	60%	75%
$	Cost of labor compliance services as a percentage of total $ amount of contracts with wage requirements	-	TBD*	0.1%	0.1%

* New performance measure for 2004-2005.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of contracts with wage requirements	3,862	2,500	2,900	1,000
Number of contracts with labor compliance violations identified	94	100	72	50
Number of contractors' employees owed restitution	535	550	350	200
Total $ amount of restitution owed to employees	699,196	$500,000	$410,000	$250,000

Strategic Support
Public Works Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 6,532,880	$ 7,161,162	$ 6,333,539	$ 5,470,973	(23.6%)
Non-Personal/Equipment	147,327	323,639	342,509	362,509	12.0%
Total	**$ 6,680,207**	**$ 7,484,801**	**$ 6,676,048**	**$ 5,833,482**	**(22.1%)**
Authorized Positions	**79.62**	**56.46**	**58.53**	**49.35**	**(12.6%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT			
1. Public Works Capital Improvement Program Staffing	**(7.18)**	**(711,308)**	**0**

Public Works staff has completed a department-wide staffing analysis for the 2005-2006 Adopted Capital Budget. Results of this analysis indicate that 22.55 positions (14.55 vacant and 8.0 filled) will not be required to support the 2005-2006 CIP workload. These reductions correspond to a reduction in the number of projects that will be funded. No change to the quality of project delivery is anticipated. The elimination of positions in this core service includes six filled positions (1.0 Senior Office Specialist, 1.0 Analyst, 1.0 Secretary, 1.0 Principal Accountant, and 2.0 Administrative Officers) and two vacant positions: (1.0 Supervising Real Property Agent and 1.0 Analyst). These reductions are partially offset by the transfer of 0.82 positions into the CIP from the General Fund and the Development Fee Program (0.25 Secretary, 0.2 Deputy Director, 0.3 Division Manager, and 0.07 Administrative Officer), as described in the Regulate/Facilitate Private Development core service. The department recently completed an analysis of all administrative positions and is attempting to more effectively align their funding sources with the support they provide. (Ongoing savings: $711,308)

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT (CONT'D.)

2. Equality Assurance Staffing	**(2.00)**	**(147,401)**	**(113,389)**

This action eliminates 1.0 filled Senior Office Specialist and 1.0 vacant Contract Compliance Assistant from the Public Works Department. The impact of eliminating the Senior Office Specialist position from the Equality Assurance group will be minimal as departmental support functions will be pooled at the New City Hall. The elimination of the Contract Compliance Specialist, which had been vacant for several months, reduces the number of service and maintenance contracts and construction contracts that will be monitored. The cumulative effects of reductions to this section have changed the service delivery model for labor compliance. For service and maintenance contracts, work classification determinations will not be issued and contracts under $30,000 will not be monitored. For service and maintenance contracts between $30,000 and $75,000, only labor compliance documents will be collected, and service and maintenance contracts greater than $75,000 will be monitored as before. Construction contracts less than $2 million and all developer/turnkey projects will not be monitored. (Ongoing savings: $150,122)

Performance Results:
Quality This action will have no effect on the quality of contract monitoring, however the actual number of contracts that will be monitored will decline. ***Cycle Time*** This action will have no effect on cycle times as the reduction in staff will be balanced by a reduction in workload.

3. Public Works Overtime Efficiencies		**(3,857)**	**(3,857)**

This action reduces the Public Works Department overtime budget by $3,857. No service level impacts are anticipated as a result of this reduction as overtime costs will be absorbed and shifted to the Public Works Support Operating Fund, if necessary. (Ongoing savings: $3,857)

Performance Results:
No changes to service levels are anticipated as a result of this action.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT (CONT'D.)

4. Telecommunication Contract Management		**20,000**	**122,684**

This action transfers funding for 1.0 position (0.3 Accounting Technician, 0.5 Real Property Agent, and 0.2 Supervising Real Property Agent) from the capital program to the General Fund to support General Fund telecommunication contract management activities. In addition, $20,000 in non-personal/equipment funding will be allocated to support these activities. Revenues from the telecommunication companies will support all telecommunication contract administration costs. Public Works had managed all Airport related telecommunication contracts in the past, however beginning in 2005-2006, the Airport will take over most of these functions. Public Works staff will continue to handle telecommunication program administration and outreach, and the Airport will transfer $3,000 to the General Fund to support these activities. (Ongoing costs: $20,000)

Performance Results:
Cycle Time The contract administration can process the invoicing in a timely manner, which will increase revenue to the General Fund. ***Cost*** The General Fund revenues generated anticipated from the telecommunication contracts ($130,000), should offset the additional General Fund costs.

2005-2006 Adopted Strategic Support Changes Total	**(9.18)**	**(842,568)**	**(5,438)**

Strategic Support

Retirement Services Department

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Retirement Services Department includes:

☐ **Retirement Boards' Support**

☐ **Contract Administration**

☐ **Training**

Performance and Resource Overview

Strategic Support is an ongoing requirement to provide the core services of the department.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2004-2005 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 204,153	$ 211,179	$ 213,040	$ 213,040	0.9%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	**$ 204,153**	**211,179**	**$ 213,040**	**$ 213,040**	**0.9%**
Authorized Positions	**2.40**	**2.40**	**2.40**	**2.40**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

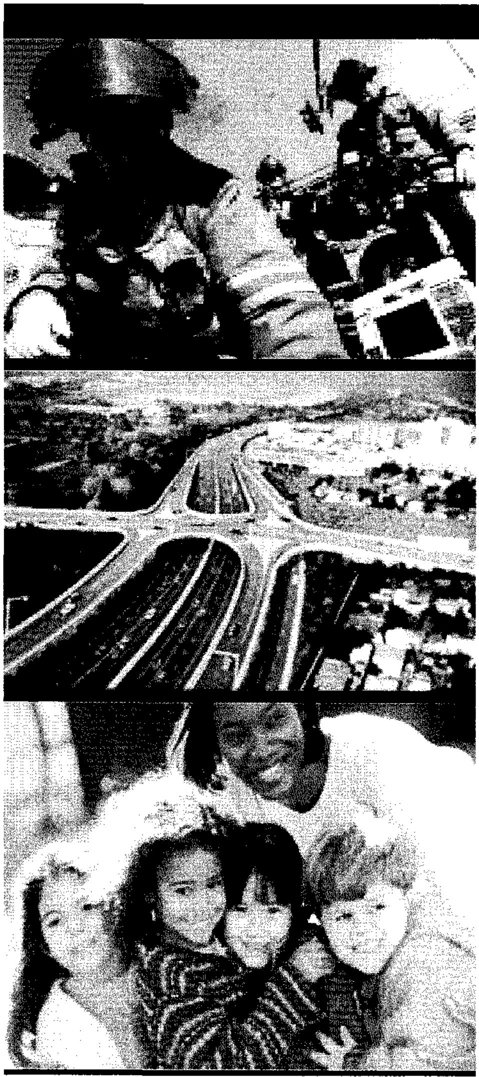
2005-2006

OPERATING BUDGET

STRATEGIC SUPPORT CSA

MAYOR,
CITY COUNCIL
AND
APPOINTEES

Mayor, City Council and Appointees



Mission: *Council appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

Mayor and City Council

- Office of the Mayor
- City Council

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate the City-wide Service Delivery System

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Redevelopment Agency

- Core Services aligned to the Economic & Neighborhood Development CSA

Mayor, City Council and Appointees

BUDGET SUMMARY

Budget at a Glance

	2004-2005 Adopted	2005-2006 Adopted	% Change
Total Appointee Budget* (All Funds)	$32,676,304	$34,881,990	6.8%
Total Authorized Positions	197.62	191.12	3.5%

* Redevelopment Agency and Independent Police Auditor figures appear in their respective CSAs.

Budget & Performance Highlights

- The Mayor, City Council, and Appointees budgets have been reduced by the average percentage reduction approved for non-public safety City Service Areas.

- The Mayor and City Councilmembers will continue to review public policy and programs, adopting those policies that best meet the needs of the residents, visitors, and businesses in San José.

- The Office of the City Auditor will continue to conduct performance audits, special audits, and reviews and provide efficient and effective services with resources that were reduced by holding a Sr. Program Performance Auditor position vacant, and elimination of a vacant Senior Office Specialist.

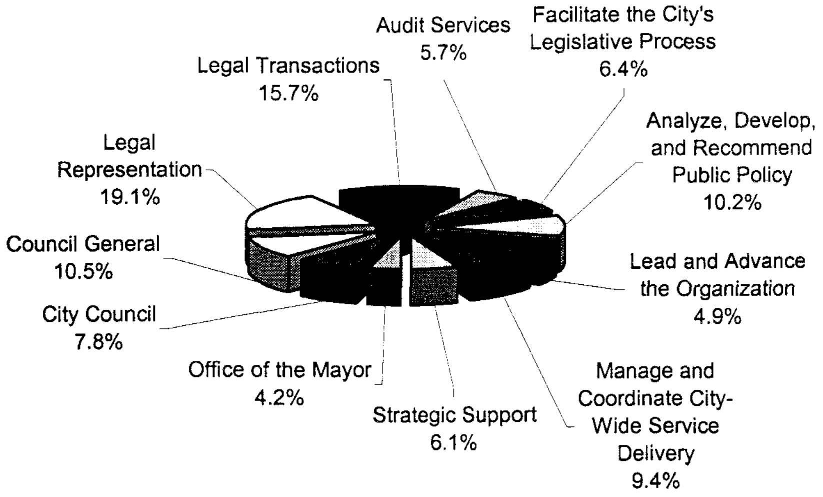
- The City Manager's Office will continue to provide the day-to-day leadership of the organization, coordinate the "One Voice" efforts, work toward a reconfigured organization to support the Strong Neighborhoods Initiative, maintain focus on the Capital Improvement Program, and lead the cultural transformation into the new City Hall with resources that were reduced, including the elimination of a Senior Executive Analyst, the defunding of a second Senior Executive Analyst, elimination of a Staff Specialist, and miscellaneous non-personal/equipment reductions such as supplies, consultant, and travel expenditures.

- The Office of the City Clerk will continue to provide strategic support services to the legislative body, including facilitating interaction between the legislative process and the community with a realignment of resources, including the elimination of a vacant Senior Account Clerk position and the addition of a part-time Analyst position. The Office will also continue its office streamlining and automation process.

- The Office of the City Attorney will continue to provide legal counsel and advice, prepare legal documents, and provide legal representation to advocate, defend and prosecute matters on behalf of the interests of the City and San José Redevelopment Agency with a more limited set of resources, including the elimination of a vacant Legal Analyst II and a vacant Account Clerk II, as well as defunding of a Senior Deputy City Attorney, a Legal Administrative Assistant II, and a Legal Analyst II positions. In addition, the budget for one Sergeant and two Police Officer positions was transferred from the Police Department Civil Investigations Unit to the Office of the City Attorney.

- The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

2005-2006 Total Operations by Core Service



Mayor, City Council and Appointees Budget Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	$ 1,044,183	$ 1,341,310	$ 1,261,824	$ 1,481,524	10.5%
City Council	1,949,635	2,632,163	2,349,212	2,723,943	3.5%
Council General	2,971,067	3,442,854	3,638,993	3,648,317	6.0%
Office of the City Attorney					
Legal Representation	5,465,324	5,737,322	6,384,423	6,646,533	15.8%
Legal Transactions	4,982,129	5,076,072	5,736,514	5,491,310	8.2%
Office of the City Auditor					
Audit Services	2,223,413	2,035,336	2,187,086	1,988,590	(2.3%)
Office of the City Clerk					
Facilitate the City's Legislative Process	1,737,011	1,862,645	1,977,267	2,238,297	20.2%
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	3,047,812	3,433,326	3,593,261	3,556,046	3.6%
Lead and Advance the Organization	1,677,161	1,733,463	1,826,617	1,701,326	(1.9%)
Manage and Coordinate City-Wide Service Delivery	3,008,806	3,158,950	3,443,072	3,291,577	4.2%
Office of the Independent Police Auditor *					
Independent Police Oversight	N/A	N/A	N/A	N/A	N/A
Strategic Support	2,098,192	2,222,863	2,358,003	2,114,527	(4.9%)
Total	**$ 30,204,733**	**$ 32,676,304**	**$ 34,756,272**	**$ 34,881,990**	**6.8%**
Authorized Positions	**195.12**	**197.62**	**194.62**	**191.12**	**(3.3%)**

* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this document for budget summary information.

Budget Program: Office of the Mayor

Mayor and City Council

The Office of the Mayor is responsible for developing and proposing the fiscal priorities of the City; appointing Councilmembers to the City's standing committees, boards, and commissions; providing guidance and leadership to the City Council; explaining to the community the City's policies and programs; assisting the Council in effective exercise of its powers; and providing political leadership. The Mayor's Office also supervises the Charter-established Public Information Office responsible for the dissemination of public information and the coordination of the City's marketing efforts.

Program Budget Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 1,044,183	$ 1,341,310	$ 1,261,824	$ 1,481,524	10.5%
Total	**$ 1,044,183**	**$ 1,341,310**	**$ 1,261,824**	**$ 1,481,524**	**10.5%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Office of the Mayor Budget Reduction		**(95,300)**	**(95,300)**
This action implements a general reduction to the Office of the Mayor's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: $0)			
2. Rebudget: 2004-2005 Expenditure Savings		**315,000**	**315,000**
This action rebudgets 2004-2005 expenditure savings of $315,000 for use in 2005-2006. (Ongoing costs: $0)			
2005-2006 Adopted Changes Total	**0.00**	**219,700**	**219,700**

Budget Program: City Council

Mayor and City Council

As established by Section 400 of the City Charter, the City Council exercises its power and determines policy through adoption of ordinances, resolutions, and motions subject to the provisions of the City Charter and the State Constitution. The Council ensures the right of all persons to present grievances or offer suggestions for the betterment of municipal affairs.

Program Budget Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 1,949,635	$ 2,632,163	$ 2,349,212	$ 2,723,943	3.5%
Total	**$ 1,949,635**	**$ 2,632,163**	**$ 2,349,212**	**$ 2,723,943**	**3.5%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. City Council Budget Reduction		**(192,700)**	**(192,700)**
This action implements a general reduction to the City Council's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: $0)			
2. Rebudget: 2004-2005 Expenditure Savings		**567,431**	**567,431**
This action rebudgets 2004-2005 expenditure savings of $567,431 for use in 2005-2006. (Ongoing costs: $0)			
2005-2006 Adopted Changes Total	**0.00**	**374,731**	**374,731**

Budget Program: Council General

Mayor and City Council

Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Council Members' salary and benefits, Council Assistant benefits, clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures such as travel.

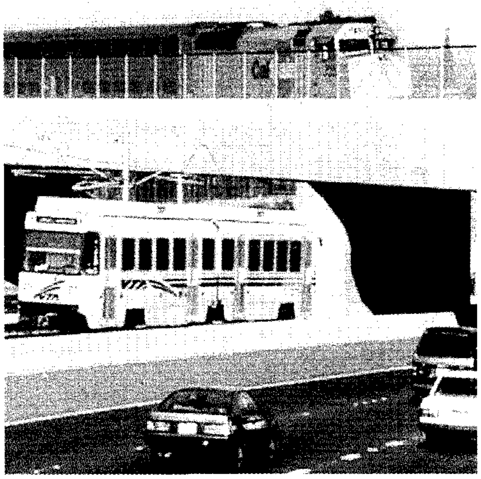
Program Budget Summary

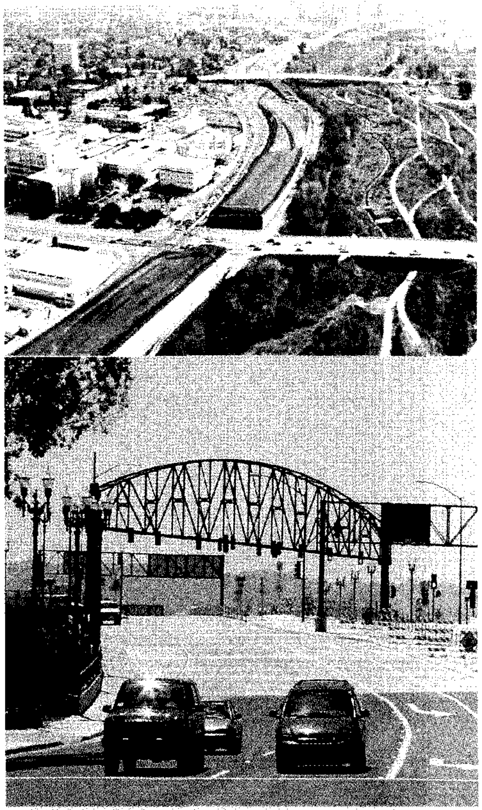
	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Operating Expenditures	$ 2,971,067	$ 3,442,854	$ 3,638,993	$ 3,648,317	6.0%
Total	**$ 2,971,067**	**$ 3,442,854**	**$ 3,638,993**	**$ 3,648,317**	**6.0%**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Budget Changes By Program

Adopted Program Changes	Positions	All Funds ($)	General Fund ($)
1. Council General Budget Reduction		**(318,616)**	**(318,616)**
This action implements a general reduction to the Council General operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: $0)			
2. Rebudget: 2004-2005 Expenditure Savings		**327,940**	**327,940**
This action rebudgets 2004-2005 expenditure savings of $327,940 for use in 2005-2006. (Ongoing costs: $0)			
2005-2006 Adopted Changes Total	**0.00**	**9,324**	**9,324**

Office of the City Attorney





Mission: *The Office of the City Attorney serves as legal counsel to the City, its Boards and Commissions, and the San José Redevelopment Agency, with the goal of protecting and advancing their interests.*

Internal Primary Partners

- Mayor
- City Council
- Council Appointees
- City Departments
- San José Redevelopment Agency (SJRA)
- Boards and Commissions

Outcomes

- Provide Legal Transactional Services Including Oral and Written Legal Advice, and Preparation of Documents to Implement Official City and SJRA Actions
- Provide Legal Representation Required to Advocate, Defend, and Prosecute on Behalf of the City and SJRA

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Current Position *How are we doing now?*

- The Office of the City Attorney provides comprehensive legal services to the City and SJRA including the Mayor, City Council, SJRA Board, Council Appointees, City departments, boards, and commissions.
- The primary functions of the Office are to provide legal counsel and advice, prepare legal documents, and to provide legal representation to advocate, defend and prosecute matters on behalf of the interests of the City and SJRA.
- The City Attorney's Office completed a move to the New City Hall in July 2005. This move presents an opportunity to strengthen the structure for the management of paper and electronic records, as well as establish a central file system.
- The Office had a total of 104.62 authorized positions in 2001-2002. Budget reductions beginning in 2002-2003 have reduced the authorized positions to 90.62 in 2004-2005, resulting in a 13% workforce reduction over the past four years. The restoration of positions eliminated in the prior year and the transfer of 3.0 positions from the Police Department has increased the Office's total authorized positions to 96.62 in 2005-2006.
- The Litigation division has a significant staffing shortage. Two attorney positions have been vacant since 2003; one attorney returned in May 2005 from an 11-month tour of duty in Iraq; one attorney is on an extended family leave that began in May 2005; one attorney returned to work in April 2005 after a 6-month family leave of absence; and 0.5 attorney position was reallocated to the Transactional division to address high priority matters.
- The Transactional Division has not filled a vacant attorney position, and another attorney returned to work in May 2005 after a 6-month family leave of absence.
- A Sr. Deputy City Attorney temporary position was added during the latter part of 2004-2005 to provide specialized legal support on labor and employment-related matters, including negotiation and litigation services. The Adopted Budget provides ongoing funding to make this position permanent.
- In addition to providing routine legal services that support the clients' daily operational needs, legal transactional teams dedicate substantial staff hours to several major City and SJRA projects, including the Affordable Housing Initiative, Airport facility expansion, and Strong Neighborhoods Initiative (SNI) Project Implementation.
- The number of Public Records Act requests is rapidly rising. Considerable staff time is dedicated to responding to these requests within the legally-mandated timeframe.
- The Office handles all litigation in-house, except for one case where the employee's defense was referred out.
- Litigation teams are assigned to major cases including remnants of the Story Road revitalization project, gaming control regulation, SNI, and significant Police-related matters.
- Legal Representation workload highlights are listed below:
    - 1,089 open litigation files including civil, criminal, and administrative proceedings of which 370 are Police-related
    - 617 active civil lawsuits pending in state, federal, and appellate courts
    - 1,285 Workers' Compensation claims
    - 591 general liability claims filed in 2003-2004
    - $10.9 million in total revenue collections in 2003-2004
    - SNI legal team collected $222,900 in fines and judgments in 2003-2004, which brings the total collected since July 2001 to $622,150
    - Workers' Compensation third party subrogation cases recovered $73,710 in 2003-2004

Current Position *How are we doing now? (Cont'd.)*

- Transactional division workload highlights for 2003-2004 are listed below:
    - ☐ 256 Ordinances prepared
    - ☐ 588 Resolutions prepared
    - ☐ 5,617 Agreements reviewed/prepared
    - ☐ 200 City Council/SJRA memoranda prepared
    - ☐ 1,758 City Council/SJRA Board memoranda reviewed

Trends / Issues / Opportunities *What developments require our response?*

- 2005-2006 is the fourth consecutive year that the City is challenged with addressing a General Fund budget shortfall, a fiscal condition that is expected to continue over the next few years.
- Ongoing budget reduction actions eliminated 2.0 positions in 2005-2006.
- Workload has exceeded staff capacity. Legal services demand has not decreased during the prolonged economic downturn, and in fact, has increased in some areas.
- Public Records Act requests are growing in number and complexity. The advent of e-mail and the effects of Proposition 59 have resulted in a greater demand on the legal resources required to review documentation.
- Ethics-related matters requiring legal review are increasing.
- Workers' compensation claims referred to the City Attorney's Office by the Employee Services Department have dramatically risen from 100 claim referrals in 2001 to 479 claims referred in 2004.
- The Airport Master Plan, including related facility expansion, is the largest set of capital projects ever undertaken by the City. Project implementation requires extensive legal services.
- The City is currently implementing one of the largest capital infrastructure investment programs in its history. Legal services demand will increase with respect to the implementation of these projects.
- City Service Area (CSA) Business Plans are undergoing revision in response to state and local fiscal limitations. Legal needs are changing and the City Attorney's Office remains flexible in its support to the clients.
- General Plan amendments are occurring more frequently. Increased staff time is necessary for environmental reviews and attendance at meetings.
- Implementation of the SNI projects in neighborhoods throughout the City requires extensive legal services in drafting and reviewing documents.

Policy Framework *What policies guide our strategies?*

The Office is a strategic support department and the development of the Business Plan is based on the following factors:

- Legal mandates
- Direction from Mayor, City Council and SJRA Board
- CSA Five-Year Business Plans provide the foundation to forecast the legal needs of the City and SJRA
- SNI neighborhood plans
- Economic Development Strategy
- City of San José 2020 General Plan

Key Strategic Goals & Objectives *Where are we going?*

The goals of the Office are to:

- Provide the highest quality legal services to clients in a cost effective and timely manner
- Provide efficient management of resources to meet the daily operational needs of the clients
- Build internal capacity to flexibly respond to changing legal needs

Overview

The City Attorney's Office Investment Strategy focuses on balancing the need to reduce General Fund expenditures while minimizing the impact on service delivery. Facing a budget deficit for the fourth consecutive year presents serious challenges, as reduction actions implemented over the past three years have cumulatively resulted in significant staffing shortages and fewer non-personal/equipment resources. Opportunities to achieve additional cost savings this year are consequently more limited. Nevertheless, in accordance with the direction from the Mayor, and consistent with non-public safety departments, a two-tiered budget reduction plan has been approved to decrease 2005-2006 General Fund expenditures.

Full implementation of the approved 2005-2006 budget reduction plan will adversely impact the Office's ability to meet the legal needs of the entire City organization in a timely manner. The Office is currently operating beyond capacity, as the workload is greater than the available resources. The number of authorized positions in the City Attorney's Office has decreased from 104.62 FTE's in 2001-2002 to 96.62 FTE's in 2005-2006, an 8% workforce reduction. Moreover, although 3.0 positions were transferred to the Office from the Police Department as a result of the Council-approved Mayor's June Budget Message, this action did not increase staffing levels, as it merely transferred budgetary control over existing positions assigned to the Office. Other positions are being held vacant as part of the Hiring Freeze. The demand for legal services has not diminished during the prolonged economic downturn, and in fact, has increased in some areas, particularly work related to Public Records Act requests, workers' compensation, and ethics-related matters.

Operational processes and staff assignments are frequently modified to respond to the clients' legal needs. Often, this leaves the Office in a reactive mode, rather than the preferred proactive approach. The Office will proactively communicate service impacts to the clients, seek input to identify issues of priority, confirm services that will be delivered, and explore alternative strategies for the provision of other legal services.

One alternative is to outsource selected litigation and transactional matters to private law firms. This option is clearly not cost-effective as hourly rates for local attorneys range from $150 - $600 compared to the 2004-2005 estimated in-house hourly rate of $104. For litigation matters, it would be difficult to control costs as are done now, and future budgets would be impacted as once a case is assigned out, it ordinarily needs to stay with the outside firm until final resolution. The life of a case could extend over a few years. On the transactional side, City departments may be less inclined to seek advice from outside counsel in an effort to minimize costs, and this reluctance may result in an increased risk of litigation that may eventually cost the City more to resolve in the end.

Another alternative is to reduce legal services. Areas for potential service reduction in the litigation division involve enforcement and plaintiff work. While litigation defense is non-discretionary, code enforcement and drug, gang, and nuisance abatements are not strictly mandatory. Policy implications aside, this work will likely be impacted as a result of budget cuts and vacancies. Additionally, the Office handles a variety of revenue generating collection actions for the City. The majority of these involve reimbursement for workers' compensation costs, damage to City property, or the collection of fines associated with code violations. This work can also be reduced or sent to a collection firm that would be willing to undertake this work on behalf of the City on a contingency basis. For either alternative, the subsequent costs or loss of revenue would not improve the City's budget situation.

Reductions to the non-personal/equipment budget increase liability risks that may adversely affect the City. A significant amount of this appropriation is earmarked for experts, consultants, court reporters, and other legal resources essential to the efficient and effective operation of a law office. The hiring of experts and consultants is necessary in complex litigation and transactional matters. If the Office lacks funding for these services, it will be more difficult to advocate the City's position, and it may ultimately be more costly to the City in terms of settlements, awards, and negotiated contracts.

Overview *(Cont'd.)*

The reduced non-personal/equipment budget has also resulted in decreased support to staff in several areas including training, travel, books, and supplies. Training remains a vital component of the Office budget, not only to enhance staff's professional development, but because the attorneys are required by law to receive a minimum amount of continuing legal education. Educational seminars provide critical information on recent changes in the law and court decisions that may affect the legal advice provided to clients. The Office hopes to provide more training opportunities for staff in the upcoming year.

The City Attorney's Office recognizes that these lean budget times have challenged the entire City organization to maintain service levels with fewer resources. The Office remains committed to providing quality legal services and will continue to work together with the clients to deliver projects "on time and on budget."

The investment strategy for the Office focused on three primary goals:

- Reduce General Fund expenditures
- Efficient and cost effective management of resources
- Build internal capacity to respond to changing legal needs, and prepare for legal services associated with the projects set forth in the various CSA 5-year business plans

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: Provide Legal Transactional Services to Include Oral and Written Legal Advice, and Preparation of Documents to Implement Official City and San José Redevelopment Agency (SJRA) Actions

Year 1: 2005-2006 – *Planned Service Strategies*

- Provide legal counsel at meetings of the City Council and SJRA Board, and meetings of all major boards, committees, and commissions.
- Provide formal and informal legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- Perform legal research and legislative analyses.
- Personal services reductions include suspending the hiring of 1.0 Transactional Attorney, eliminating 2.0 and suspending 2.0 additional positions that partially support the transactional division.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: Provide Legal Transactional Services to Include Oral and Written Legal Advice, and Preparation of Documents to Implement Official City and San José Redevelopment Agency (SJRA) Actions (Cont'd.)

Year 2: 2006-2007 – *Projected Service Strategies*

- Provide legal counsel at meetings of the City Council and SJRA Board, and meetings of all major boards, committees, and commissions.
- Provide formal and informal legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- Perform legal research and legislative analyses.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Additional reductions to non-personal/equipment budget may be required as a result of budget constraints.
- Additional personal services reductions may be necessary to address the potential budget shortfall.

Outcome 2: Provide Legal Representation Required to Advocate, Defend and Prosecute on Behalf of the City and Redevelopment Agency

Year 1: 2005-2006 – *Planned Service Strategies*

- Initiate and defend legal actions involving the City and SJRA.
- Aggressively seek monetary damages on behalf of the City and SJRA.
- Prosecute municipal code violations.
- Handle claims filed against the City and SJRA.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Personal services reduction eliminates 2.0 positions and freezes an additional 2.0 positions that partially support the litigation division.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: Provide Legal Representation Required to Advocate, Defend and Prosecute on Behalf of the City and Redevelopment Agency (Cont'd.)

Year 2: 2006-2007 – *Projected Service Strategies*

- Initiate and defend legal actions involving the City and SJRA.
- Aggressively seek monetary damages on behalf of the City and SJRA.
- Prosecute municipal code violations.
- Handle claims filed against the City and SJRA.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Additional reductions to non-personal/equipment budget may be required as a result of budget constraints.
- Additional personal services reductions may be necessary to address potential budget shortfall.

Core Service: Legal Representation

Office of the City Attorney

Core Service Purpose

Advocate, defend, and prosecute on behalf of the City and San José Redevelopment Agency's (SJRA) interests.

Key Operational Services:

☐ **Provide legal representation in virtually all matters, cases, and controversies arising from claims by or against the City and the SJRA**

☐ **Retain, coordinate, and supervise outside legal counsel that represent the City or the SJRA in matters involving litigation**

☐ **Prosecute criminal proceedings involving violations of the San José Municipal Code**

☐ **Provide legal representation before the State, Federal and Appellate Courts, agencies and boards, including the Workers' Compensation Board, and at adversarial hearings before City boards and commissions**

☐ **Provide pre-litigation advice and counsel to avoid litigation and to protect the City's interests should litigation occur**

Performance and Resource Overview

Legal representation is provided by the City Attorney's Office on behalf of the Mayor, City Council, Council Appointees, City Departments, City and San José Redevelopment Agency (SJRA) employees, and City boards and commissions.

The purpose of legal representation is to advocate, defend, and prosecute on behalf of the City and the SJRA. This includes a wide variety of activities and objectives that collectively attempt to protect the City and Agency's rights, minimize civil and financial liability, and advance community welfare.

Legal representation services include: general liability claims management; defense of lawsuits; pursuit of contractual indemnities and appropriate insurance tenders; coordination of outside legal counsel; workers' compensation investigations and litigation; initiation of plaintiff litigation; prosecution of municipal code violations; seeking injunctions for general nuisance; and gang and drug abatements to promote safer communities. The litigation and transactional attorneys work together to provide advice and counsel to the clients in a proactive effort to avoid litigation.

Performance and Resource Overview (Cont'd.)

The Litigation Division, with 17 attorneys and two supervising attorneys, is responsible for managing a caseload of 1,089 open litigation files, including criminal, civil and administrative proceedings. Of these matters, 617 are civil lawsuits pending in the state, federal, and appellate courts. The average caseload per attorney is approximately 64 cases, including 36 civil court cases and 28 other matters, such as civil service cases, administrative code enforcement appeals, criminal prosecutions, and Pitchess motions. This is a higher caseload than desired, and once the City's financial condition improves, the Office will begin the process of filling two litigation attorney positions that have been vacant since 2003.

Police Department-related cases account for 370 of the open files. This high volume of Police cases is managed by fewer resources than in past years, as the Police Department in 2003-2004 eliminated one of the two sergeant positions assigned to the City Attorney's Office to handle police-related claims and provide litigation support. This cost saving action required the Office to reallocate its own resources and alter work assignments. Overcoming this loss of support personnel has presented major challenges, and the impact has affected operations in other areas. Furthermore, the 2005-2006 Compensation Impact Contingency Plan includes the elimination of one of the two Police Officer positions currently assigned to the Office. Should arbitration require the City to make this reduction, this action will severely impair the Office's ability to effectively handle public nuisance abatements, unfair business practice cases, and criminal matters involving violations of the San José Municipal Code. To ensure that the Office has adequate investigative resources, the Council-approved Mayor's June Budget Message directed the budgetary transfer of the three existing positions, including one sergeant and two officers, from the Police Department to the City Attorney's Office effective July 2005. The Office will initiate discussions with the Police Department to restore another sergeant position as soon as it becomes economically feasible.

The Litigation Division has also experienced a significant workload increase in the areas of Public Records Act requests and ethics-related matters. Responding to these high priority time-sensitive issues has consumed substantial resources, and it does not appear that this workload will diminish in the future. Considerable resources are also devoted to a number of complex City and SJRA projects, and this need is anticipated to continue into 2005-2006. Some of these cases are related to the following matters:

- Strong Neighborhoods Initiative (SNI)
- Gaming control regulation
- Airport noise program
- San José Muni Water
- Cable franchise renewal formal process
- Police-related cases
- Tech Museum
- Public Records Act requests

- Employee relations
- Labor negotiations – arbitrations
- Capital construction projects – New City Hall, Convention Center Expansion

Although the primary litigation role of the Office is to defend lawsuits, the Office also actively pursues cases to recover damages on behalf of the City and the SJRA. In 2003-2004, the Office generated $10.9 million in revenue collections, with the tobacco settlement accounting for the majority of this amount. The code enforcement actions initiated by the SNI legal team resulted in fines totaling $222,900.

As the administrator for liability claims filed against the City and the SJRA, the Office handled 591 claims during 2003-2004. Claims management, handled by litigation legal analysts, begins with an investigation that may involve witness interviews, gathering evidence, taking photographs or video, and conducting surveillance. Upon completion of an investigation, the facts are reviewed in light of applicable law to determine the appropriate legal action. If liability is at issue, damages are evaluated prior to settlement negotiation. Legal analysts also appear at small claims court to defend the City and the SJRA when necessary.

The workers' compensation attorneys provide advisory counsel and litigation services including appellate review. One of the attorneys returned in May 2005 from an 11-month tour of duty in Iraq. In this attorney's absence, the workload was absorbed by the remaining three attorneys including the supervising attorney. Managing a workload of 1,623 matters, including 1,285 claims, 63 subrogation, 43 investigations, and 232 Surgery Center claims was hectic. The number of claims referred to the City Attorney's Office by the Employee Services Department's Workers' Compensation Unit has dramatically risen over the past four years from 100 claim referrals in 2001 to 479 claims referred in 2004. At the same time the Office was challenged with meeting this large service demand, major legislative reforms to workers' compensation laws became effective January 2004, requiring the attorneys to facilitate ongoing training sessions for City staff to review changes that impact claims processing. The workers' compensation attorneys have assumed responsibility for the supervision and litigation of third party work-related injuries arising from new construction at the Airport that began in October 2004. This is a new program related to the insurance policies placed at the Airport, and the workload increase depends on the number of claims filed. At this time, no claims have been filed.

The workers' compensation attorneys also coordinate third party subrogation cases. These cases resulted in a total recovery of $73,710 for 2003-2004. This amount is down from prior years as a recent change in the personal injury statute of limitations has delayed case closure. It is anticipated that the recovery rate in 2005-2006 will increase to approximately $237,000, the average amount collected over the prior three fiscal years. In addition to the revenue generating benefits and cost savings resulting from performing this legal work in-house, the program provides better coordination of cases with multiple claims involving issues related to workers' compensation, retirement, safety, the Americans with Disabilities Act, and the Family Medical Leave Act. The Office also coordinates with the Return to Work Program and vocational rehabilitation of injured

Performance and Resource Overview (Cont'd.)

employees. The California State Bar has certified two of the Office's attorneys as Workers' Compensation Specialists. The Office's investigators perform complex workers' compensation investigations, including virtually all required surveillance work. Providing this service in-house significantly reduces the costs and brings the City into compliance with the state-mandated workers' compensation anti-fraud program.

Beginning in the year 2000, the City Attorney's Office conducted annual client surveys to assess client satisfaction levels and to identify areas to better align services with client expectations. Survey results have been helpful to understand the clients' perspective and to provide a framework for strengthening client relations. Client feedback from the initial surveys was relatively consistent and was sufficient to establish a benchmark for comparison of future performance. Consequently, the Office decided to alter the frequency of client surveys from an annual to a bi-annual basis. Although no client survey was performed in 2004, three focus group sessions were convened to discuss legal services. Participants ranged from program managers to department directors, and the comments were consistent with feedback received from previous surveys. The Office values client input, and recognizes the importance of implementing change when possible. As an example, the Office will soon provide increased training sessions for city staff to review legal issues that affect their areas of responsibility based on feedback from client departments. Limited resources affect our ability to meet each demand; nevertheless, the Office will continue to seek opportunities for improving client service.

A performance measure for quality tracks the percentage of time final case results are consistent with the Office's analyses and recommendations. Final resolution of cases is by way of settlement, trial, or dismissal, depending upon the facts presented and the legal issues involved. It is the responsibility of the Office to provide the client with a clear analysis and a realistic forecast of potential outcomes. During 2004-2005, an estimated 87% of the final case results were within the Office's case assessment.

Costs to hire outside local attorneys for litigation services vary from $150 - $600 per hour, for an average hourly rate of $375. Rates vary depending on the type of law practice and level of experience. The in-house Office rate, based on a 40-hour week, is expected to average $106 per hour in 2005-2006 including salary, retirement, fringe, and overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is clearly more cost-effective for the City to have in-house legal counsel handle litigated matters.

The 2005 client survey showed a 66% satisfaction rating from respondents who felt that the Office kept them informed in a timely manner of significant developments of a litigated case. This is a decrease from the 72% satisfaction rating in the 2003 survey. The Office recognizes the importance of maintaining timely and open communication with the clients, and internal procedures have been established to remind staff to provide clients with regular status updates at particular stages of a case. In addition, the Office began to work with other City departments to develop processes that fostered improved communication. Although a neutral rating was received from 32% of the respondents, the Office will continue to work diligently to increase client satisfaction levels on this

Performance and Resource Overview (Cont'd.)

issue. The 2005 client survey showed that 84% of the respondents were satisfied with the overall legal representation services received from the Office, levels that have remained constant with the 2003 survey results. The remaining 16% of respondents rated this category neutral. The Office will strive to maintain the confidence of the clients and will continue to work to increase performance in the communication area.

Legal Representation Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
% of time final case results are within staff analyses and/or recommendations	85%	75%	87%	80%
Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices				
• City Attorney's Office average hourly rate	$104	$104	$104	$106
• Outside Legal Counsel average hourly rate	$348	$348	$375	$375
% of time client is timely informed of significant developments in a case	72%	80%	66%	80%
% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	84%	80%	84%	80%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of claims filed against the City	936	1,000	1,024	990
Number of lawsuits filed against the City	231	220	250	240
Number of lawsuits and administrative actions filed or initiated by the City	435	400	330	375

Core Service: Legal Representation

Office of the City Attorney

Performance and Resource Overview (Cont'd.)

Legal Representation Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,767,192	$ 4,924,467	$ 5,503,497	$ 5,764,107	17.1%
Non-Personal/Equipment	698,132	812,855	880,926	882,426	8.6%
Total	**$ 5,465,324**	**5,737,322**	**$ 6,384,423**	**$ 6,646,533**	**15.8%**
Authorized Positions	**41.40**	**40.90**	**43.40**	**46.40**	**13.4%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes by Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Temporary Attorney and Administrative Support Staffing		**($143,676)**	**($143,676)**

Personal services costs represented 89% of the City Attorney's Office General Fund budget for 2004-2005. Therefore, General Fund expenditure reductions will necessarily impact staffing levels. This action removes the funding and delays the recruitment of 0.8 Legal Administrative Assistant and 0.9 Legal Analyst which will be held vacant through 2005-2006. The remaining portions of these positions are discussed in the Legal Transactions Core Service section of this document. (Ongoing savings: $0)

Performance Results:
Cycle time and Customer Satisfaction Daily operational processes and staff assignments are continually modified to respond to the clients' legal needs. However, if the non-personal/equipment budget cannot fund the outsourcing of these services, cycle times will increase as staff will be required to absorb expanded duties.

Core Service: Legal Representation

Office of the City Attorney

Budget Changes by Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Police Support at the City Attorney's Office	**3.00**	**$405,786**	**$405,786**

As included in the Mayor's June 2005 Budget Message, this action transfers budget for one Sergeant and two Police Officer positions from the Police Department Civil Investigations Unit to the Office of the City Attorney. This action will ensure that the Office of the City Attorney has the investigative resources it needs for public nuisance abatements, unfair business practice cases, and criminal cases involving misdemeanor violations of the San José Municipal Code. The transfer of the budget for these positions provides the City Attorney with the budget authority (not line or assignment authority) to control resources needed to provide litigation services for the City. (Ongoing costs: $405,786)

Performance Results:
The reallocation of the budget for the Civil Investigations Sergeant and Officers will have no impact on the current service levels.

2005-2006 Adopted Core Service Changes Total	**3.00**	**$262,110**	**$262,110**

Core Service: Legal Transactions

Office of the City Attorney

Core Service Purpose

Provide oral and written advice on legal issues and prepare documents to implement official City and San José Redevelopment Agency (SJRA) actions.

Key Operational Services:

- ☐ **Preparation of ordinances, resolutions, permits, contracts, and other legal documents**
- ☐ **Oral and written legal counsel and advice**
- ☐ **Performance of legal research**

Performance and Resource Overview

The Office of the City Attorney provides legal transactional services to the Mayor, City Council, Council Appointees, City Departments, and City boards and commissions. Also, in the City Attorney's role as General Counsel to the SJRA, the Office provides the same services to the SJRA Board and staff.

The Office works in partnership with all of its clients to lawfully achieve organizational goals in a cost-effective and efficient manner. A considerable amount of time is devoted to providing legal counsel and advice to the clients. The City Attorney regularly attends meetings of the City Council and SJRA Board, and staff attorneys attend meetings of all major boards and commissions to provide legal counsel on issues before these bodies. The attorneys also spend a large portion of their day providing legal advice to clients via phone and e-mail. Providing legal advice often involves performing legal research to identify and analyze legal issues and risks, and to certify that the advice is based on current law. It is the goal of the Office to provide comprehensive advice to the clients so that they can make informed business and policy decisions.

Significant time is also dedicated to preparing and reviewing City Council and SJRA Board memoranda and reports. This requires ongoing coordination with City and SJRA staff to confirm details and to identify and resolve legal issues. In 2003-2004, the Office prepared or reviewed over 1,900 City Council and SJRA memoranda and drafted 256 ordinances and 588 resolutions. Preparation of legal documents keeps the attorneys integrally involved with City and SJRA programs and projects.

The Transactional Division has recently experienced a marked workload increase for ethics-related issues and Public Records Act requests. Substantial resources have been allocated to these matters, as well as to programs given priority by the Mayor and City Council. At the same time, the Office must account for the routine legal services necessary to support the clients' daily operational needs.

Performance and Resource Overview (Cont'd.)

The Office is often called on at a moment's notice to provide urgent intensive legal services for high priority rush projects. This requires an immediate adjustment of resources and workloads. Legal transactional teams are dedicated to several major City and SJRA projects. The mandate from the Mayor and City Council to reach the milestone of 10,000 affordable housing units by December 2006 requires the Housing legal team to work under tight deadlines to process a high volume of loan documents, agreements, and grants. A team has been and will continue to provide legal support to the Planning, Building and Code Enforcement Department for the Evergreen Smart Growth Strategy, and the Coyote Valley Specific Plan development projects. The Airport Master Plan, the largest set of capital projects in the City's history, requires significant legal resources to address a variety of issues including curfew, noise abatement, construction, litigation, facility expansion, and tenant lease negotiations.

The following ongoing and new projects will also require extensive staff time during 2005-2006:

- Strong Neighborhoods Initiative project implementation
- New City Hall
- Gaming control regulation
- Transportation improvements
- Downtown retail and high-rise projects
- Story-King retail project
- Issuance of bonds - Housing, SJRA, Library, Parks, Public Safety
- Capital Improvement Program - Library, Parks, and Public Safety improvements
- Cable Franchise renewal negotiations
- Revenue Enhancement policy implementation
- Procurement process reforms
- Consolidated Utility Billing System
- Convention Center expansion
- Smart Start San José - SJRA Partnership
- Cousins San José Market Center project
- Public Development projects - Coyote Valley Specific Plan, Evergreen Smart Growth Strategy (including Highway 101 Expansion with Caltrans and VTA)
- City-wide Traffic Level of Service policy revisions
- North San José Area Development policy revisions
- Access San José
- Downtown events - Grand Prix, Ice Chalet, and other major events
- Storm Sewer System Permit implementation

It has been the Office's practice to conduct annual reviews of the City Service Areas' (CSA) five-year business plans to forecast the legal needs of the City. Long range planning is essential to strategically

Performance and Resource Overview (Cont'd.)

allocate resources and provide advance staff training to meet the anticipated legal services demand. In an effort to improve communication and streamline coordination, the Office will now have attorneys regularly attend CSA meetings. This proactive approach will result in earlier identification of legal issues and will better assist the CSA teams during the process of business plan development.

As previously mentioned, the Office conducts bi-annual client surveys to assess client satisfaction levels and to identify opportunities to better align services with client expectations. One of the performance measures seeks client input on the quality of legal advice. The purpose of this measure is to determine how well the attorneys identify the legal issues and risks, and whether alternative solutions are provided where appropriate. The quality of the legal analysis is dependent on clients providing the Office with complete information regarding the business terms under consideration. In the 2005 client survey, 86% of respondents were satisfied that the legal advice properly analyzed the legal issues and risks, while 67% of respondents were satisfied with the creative alternatives suggested for difficult problems. It should be noted that 26% of the respondents gave a neutral rating on the creative alternative issue. This suggests that while there is opportunity for improvement, only 7% of the respondents were not satisfied with the services received in this area. In the past, client responses to the legal advice and creative alternative survey questions were combined, and reported in the budget document as an average percentage. Beginning in 2005-2006, client responses to these two questions will be reflected separately.

The Office strives to ensure that legal documents accurately and completely reflect the material business terms approved by the City Council or the SJRA Board. The ability of the Office to accomplish this task is directly related to the quality of the information communicated by the client. The Office is doing a good job in this area as the 2005 client survey indicates that 93% of the respondents were satisfied that the documents prepared by this Office accurately reflected the approved City or SJRA action. Although the remaining 7% were neutral on this issue, the goal of the Office is to achieve a 100% accuracy rating.

The Office is committed to preparing legal documents and providing legal advice in a manner that will not cause unnecessary delays to the clients. The 2005 client survey reflects that 90% of the respondents were satisfied that assignments were completed within mutually acceptable timeframes. This is a dramatic increase in satisfaction levels as only 69% of the 2003 client survey respondents were satisfied that assignments were completed in a timely manner. This improvement is further supported by the data obtained from the Office's matter management system that tracks the status of assignments from date of receipt to completion. The data from this program also indicates that 90% of the assignments received in 2003-2004 were completed within a mutually acceptable timeframe.

Performance and Resource Overview (Cont'd.)

Costs to hire outside private counsel for transactional services vary from $125 - $485 per hour, for an average hourly rate of $305. The hourly rates for outside private counsel are based on rates negotiated by the City for legal service contracts. Rates vary depending on the type of law practice and level of experience and may include a government discount. The in-house Office rate, based on a 40-hour week, averages a targeted $106 per hour in 2005-2006, including salary, retirement, fringe, and overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is clearly more cost-effective for the City to have in-house legal counsel.

The 2005 client survey showed that 93% of the respondents were satisfied with the overall legal transactional services received from this Office. This high rating is encouraging and confirms that the legal services provided by the Office are meeting client expectations.

Performance Measure Development

The Performance Measure "% of time that advice identifies and analyzes legal issues and risks and/or provides alternatives where appropriate" has been modified. The measure has two components: a legal advice component and a creative alternative component. As mentioned above, client responses to the legal advice and creative alternative survey questions had previously been combined and reported in the budget document as an average percentage. Beginning with the 2005-2006 Adopted Budget, client responses to these two questions are reflected separately.

	Legal Transactions Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯	% of time final documents accurately reflect the approval of City and SJRA action	97%	100%	93%	100%
🎯	% of time that advice identifies and analyzes legal issues and risks and/or provides alternatives where appropriate*	78%/70%	80%	86%/67%	80%/70%
$	Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
	• City Attorney's Office average hourly rate	$104	$104	$104	$106
	• Outside Legal Counsel average hourly rate	$260	$260	$305	$305
🕒	% of time client receives advice/ document within mutually accepted timeframes	69%	75%	90%	80%
🎗	% of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	91%	80%	93%	85%

* Data for this measure will now reflect separate percentages for the legal advice and creative alternative components. The 2004-2005 target was set using the older metric that reported one combined number.

Core Service: Legal Transactions

Office of the City Attorney

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of Council/Board Manager memoranda:				
Prepared*	200	200	1,760	1,750
Reviewed	1,758	1,500	1,700	1,700
Number of formal Opinions issued*	2,001	1,500	35	35
Number of Legislative reviews**	161	250	35	35
Number of Conflict of Interest reviews	23	20	30	25
Number of Resolutions	588	600	550	570
Number of Ordinances	256	260	250	250
Number of Agreements	5,617	4,000	5,000	5,000

* Beginning 2004-2005, Workers' Compensation opinions have been moved from formal Opinions to Memos Prepared.

** Client referrals are significantly down.

Legal Transactions Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 4,848,882	$ 4,822,830	$ 5,483,272	$ 5,238,068	8.6%
Non-Personal/Equipment	133,247	253,242	253,242	253,242	0%
Total	**$ 4,982,129**	**5,076,072**	**$ 5,736,514**	**$ 5,491,310**	**8.2%**
Authorized Positions	**40.92**	**37.42**	**40.22**	**39.22**	**4.8%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Temporary Attorney and Administrative Support Staffing		**($153,764)**	**($153,764)**

Personal services costs represented 89% of the City Attorney's Office General Fund budget for 2004-2005. Therefore, General Fund expenditure reductions will necessarily impact staffing levels. This action removes the funding and delays the recruitment of 0.2 Legal Administrative Assistant, 0.10 Legal Analyst and 1.0 Sr. Deputy City Attorney which will be held vacant in 2005-2006. The remaining portions of these positions are discussed in the Legal Representation Core Service section of this document. (Ongoing savings: $0)

Performance Results:
Quality, Cost, Cycle Time and Customer Satisfaction The extended deferral of filling vacant positions will eventually impact the level of service provided to the clients. Daily operational processes and staff assignments are continually modified to respond to the clients' legal needs. However, if the non-personal/equipment budget is insufficient to fund the outsourcing of attorney services, cycle times will increase, as staff will be required to absorb expanded duties.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Attorney Support Staffing	**(1.00)**	**($91,440)**	**($91,440)**

This action eliminates 1.0 Legal Analyst. The elimination of this position leaves a total of 14.0 Legal Analysts in the department, of which 6.3 are remaining to support staff in the Legal Transactions Core Service. (Ongoing savings: $91,440)

Performance Results:
Cycle Time and Customer Satisfaction Daily operational processes and staff assignments are continually modified to respond to the clients' legal needs. However, if the non-personal/equipment budget is insufficient to fund the outsourcing of attorney services, cycle times will increase, as staff will be required to absorb expanded duties.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2005-2006 Adopted Core Service Changes Total	**(1.00)**	**($245,204)**	**($245,204)**

Strategic Support CSA

Core Service: Strategic Support

Office of the City Attorney

Strategic Support represents the services provided within the Office that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support, those are not presented separately in this document. Performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Strategic Support within the Office of the City Attorney includes:

- ☐ **Office Management and Analysis**
- ☐ **Fiscal Control/Budget Preparation**
- ☐ **Personnel Administration/Employee Services**
- ☐ **Records and File Maintenance**
- ☐ **Computer Network Management**
- ☐ **Facility Management**
- ☐ **Law Library Maintenance**
- ☐ **Overall Contract Administration**

Performance and Resource Overview

The San José City Attorney's Office, as legal counsel for the tenth largest city in the United States, produces a high volume of transactional and litigation work. Meeting this demand in a timely manner is accomplished through a team effort from the entire Office. Strategic support staff, the foundation that enables the efficient delivery of services, performs virtually every function necessary for the operation of a law office. Reliance on outside vendors is minimal and generally limited to situations when it is more cost-effective to outsource.

The City Attorney's Office moved into the New City Hall in July and the General Counsel's Office moved in August. The new facility has less file and storage space, and this limitation has required staff to purge records. It has also accelerated the effort to develop a central file system with an emphasis on increasing the use of electronic file maintenance. Storing files electronically will improve record keeping, and reduce the volume of hardcopy files.

The Office recently moved 1,600 boxes of documents from an offsite private facility to a record storage center in a City-owned building. Inventory management of these records is currently accomplished with an off-the-shelf software program. The Office will be working with the Information Technology Department to develop a more robust inventory system with improved report writing capabilities. In addition to the cost savings achieved by housing the records in-house, quicker access to the documents has been a great benefit to staff.

The Strategic Support division has critical vacancies for two legal administrative assistants, three legal analysts, and an account clerk position. The existing legal administrative assistants are each supporting four attorneys, plus an additional administrative-type assignment, including claims, pre-trials, closed session, etc. A more effective and realistic attorney-to-legal administrative assistant

Performance and Resource Overview (Cont'd.)

ratio is three-to-one. The Office does not have adequate legal analyst staff to meet the current service demand. As a result, attorneys are performing duties that more appropriately should be assigned to a legal analyst. This is not an efficient use of the attorneys' time. The legal analysts are also being cross-trained to provide support in practice areas outside of their specialized expertise. Cycle times for completion of assignments are slightly longer, and will continue to be, while the legal analysts are learning new skills. A recent retirement leaves the Office with a single employee responsible for all the accounting duties. Since the Account Clerk position was eliminated in 2005-2006, the Office Specialists are being cross-trained to provide assistance with basic accounting tasks.

"Doing more with less" over the prolonged economic downturn has been difficult. Work assignments and processes are continually modified to address operational issues. Nevertheless, staff has remained flexible and open to change throughout this period, and the fact that the Office has successfully met client expectations is a testament to the extraordinary efforts of a group of professionals of which the City can be proud.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 1,474,559	$ 1,390,566	$ 1,407,441	$ 1,349,848	(2.9%)
Non-Personal/Equipment	25,960	88,216	62,166	62,166	(29.5%)
Total	**$ 1,500,519**	**1,478,782**	**$ 1,469,607**	**$ 1,412,014**	**(4.5%)**
Authorized Positions	**12.30**	**12.30**	**12.00**	**11.00**	**(10.6%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Strategic Support

Office of the City Attorney

Strategic Support Budget Changes

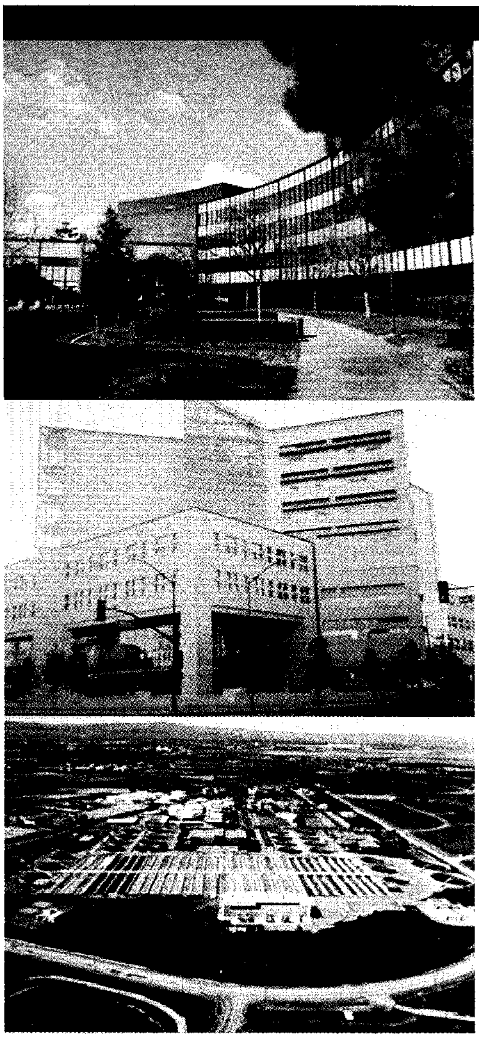
Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Attorney Administrative Support Staffing	**(1.00)**	**($57,593)**	**($57,593)**

This action eliminates 1.0 vacant Account Clerk, which is the only position of this type in the Office. As discussed previously, Office Specialists have been cross-trained to cover the accounting duties formerly performed by the Account Clerk. (Ongoing savings: $57,593)

Performance Results:
Cycle time and Customer Satisfaction Daily operational processes and staff assignments are continually modified to respond to the clients' legal needs. However, if the non-personal/equipment budget cannot fund the outsourcing of these services, cycle times will increase as staff will be required to absorb expanded duties.

2005-2006 Adopted Strategic Support Changes Total	**(1.00)**	**($57,593)**	**($57,593)**

Office of the City Auditor



Mission: *To independently assess and report on City operations and services.*

The Office of the City Auditor works closely with other customers and stakeholders including:

- City Council
- City Departments
- Council Appointees
- City Employees
- Vendors, contractors, and consultants
- Residences
- Businesses

The City Auditor's Office has one primary outcome:

Audit services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

Audit services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective and timely information to the City Council, City Administration, and the general public.

The function of the Office of the City Auditor rests on three important principles:

- Be independent, not only from the Administration, but also from any undue City Council member influence that could impair the professional integrity of any audit or other services the Office provides
- Maintain an objective attitude about all assignments
- Be factually and technically correct

These three qualities of independence, objectivity, and technical accuracy are the cornerstones of the one indispensable attribute of the City Auditor's Office – credibility. Without credibility the City Auditor's Office cannot and should not exist.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Current Position *How are we doing now?*

- Since the City Auditor's appointment in May 1985, the Office has identified $208 million in revenue enhancements or cost savings compared to $27 million in Office costs.
- From May 1985 through June 2004, the Office exceeded its performance target of $3 to $1 ratio of cost savings or revenue enhancements to Office cost with an actual achieved ratio of nearly $8 to $1. In 2000, given its historical success, the City Council increased the Office's performance target to $4 to $1.
- In 2004-2005, ongoing sales and business tax audits and additional City Auditor revenue enhancement activities identified $2,619,366 in revenue enhancements or cost savings for the City's General Fund.
- Sales Tax Audits identified approximately $1,007,076 in revenues for the quarters ended June 30, 2004, September 30, 2004, December 31, 2004, and March 31, 2005.

Selected Community Indicators *What external conditions influence our strategies?*

- Audit expenditures compared to City of San José total expenditures: $1 to $389.
- Audit staff compared to City staff: 1 to 377.
- Biennial review for compliance with Government Auditing Standards: In October 2003, the City Auditor's Office received an unqualified opinion regarding its compliance with Government Auditing Standards for the period July 1, 2001 through June 30, 2003. The National Association of Local Government Auditors conducted the performance review of the City Auditor's Office. The next biennial review will be performed in fall 2005.

Trends/Issues/Opportunities *What developments require our response?*

- In light of the budget difficulties facing the City, the City Auditor's Office will increase its emphasis in searching for revenues and cost savings opportunities.
- The City's major investments in infrastructure also warrant increased scrutiny of capital projects.
- The City's reliance on computer systems for its key business systems necessitates the Office's continued improvement in its capacity in this area.

Policy Framework *What policies guide our strategies?*

- The City Council appoints the City Auditor.
- The Rules Committee approves the City Auditor's Annual Workplan.
- The duties of the City Auditor are outlined in City Charter Section 805.
- The City Auditor's Office conducts audits in accordance with generally accepted government auditing standards.
- The City Auditor prepares an Annual City-wide Risk Assessment to determine the potential audit areas and recommends that the Rules Committee include those areas in his Annual Workplan.
- The City Auditor's Office receives a biennial performance review for compliance with government auditing standards.

Key Strategic Goals & Objectives *Where are we going?*

- Identify ways to reduce costs or enhance revenues.
- Identify ways to increase the economy, efficiency, and effectiveness of City government.
- Provide independent, reliable, accurate, and timely information to the City Council.

Overview

The Office of the City Auditor provides audit services that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The Office also provides revenue audits that obtain and analyze information from numerous data sources to ensure that the City of San José receives all of the revenues to which it is entitled.

The City Auditor's Office investment strategy is focused on providing reliable and effective audit services through efficient use of existing resources. The Office will operate with 17 authorized positions, composed of one City Auditor, three supervising auditors, 11 auditors, and two administrative staff.

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: Audit Services – Audit Services Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government and Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders.

The City Auditor's resources will be strategically invested in the following action plan which aligns with City Council priorities, the City Auditor's approved Audit Workplan, and Business Plan strategic goals, objectives, and performance measures.

Year 1: 2005-2006 – *Planned Service Strategies*

- Conduct performance audits, special audits, and reviews as assigned. In October 2004, the Office released a 2005-2006 Audit Workplan that targeted areas of City Council and other appointees' concern, as well as areas identified for audit in the City-wide Risk Assessment model. The emphasis will be in seeking ways to reduce costs or increase revenues. The Office will also work to improve timeliness by issuing all audit assignments within 30 days of projected completion dates.
- Conduct sales tax and other revenue-related audits. The Office obtains and analyzes information from numerous data sources to ensure that the City of San José receives all of the revenues to which it is entitled. In 2005-2006, the Office will continue to identify and contact businesses that may not have used the proper sales tax identification code and continue to forward sales tax leads to the State Board of Equalization for resolution. In addition, the Office will continue to work closely with State Board of Equalization staff, the Finance Department, the California Municipal Business and Tax Association, the League of California Cities, and other agencies on any issues that impact the City's revenue base.
- Facilitate annual financial audit and quarterly card room opinions. The City contracts with outside Certified Public Accountant firms to conduct the annual financial audits and quarterly card room audits. The City Auditor prepares, monitors, and initiates payments for these audits and assists with card room audit reviews.
- Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30th and December 31st of each year. In 2000-2001, the City Auditor began tracking the percentage of audit recommendations implemented within one year. During 2005-2006, the Auditor will work to improve this percentage by meeting with departments 60 days after each audit report is issued to discuss implementation of recommendations contained in that report.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: Audit Services – Audit Services Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government and Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders. (Cont'd.)

Year 1: 2005-2006 – *Planned Service Strategies (Cont'd.)*

- Improve the website. The Office's website includes many of the audit procedures and technical innovations the Office has pioneered. It receives more than 12,000 hits per month from persons or organizations from nearly every state in the United States and more than 20 foreign countries. The Office will continue to ensure that information on the site is current and relevant. The Office plans to expand the information on its website to include audit programs and complete text of audit reports.
- Provide training to City employees on how to incorporate the Office's audit approach into their management philosophy. For the past 13 years, the City Auditor has taught a half-day course on risk assessment and internal controls for City employees. Each session draws 30 to 40 City employees and, based on attendees' written evaluations, is very well received. The City Auditor will present the course again in 2005-2006.
- Explore ways to increase cooperation with and provide assistance to other City Council appointees. During the last year, the City Auditor's Office worked closely with the City Manager's Office, City Attorney's Office, and the departments on a number of issues. For instance, the City Auditor and City Attorney issued a precedent-setting joint report on the City's Converged Network for the New City Hall. The City Auditor's Office also worked with the City Manager's Office, Department of General Services, and the City Attorney's Office on a number of improvements to the City's procurement process. The improvements included the development of the Procurement Process Integrity Guidelines, forms to identify potential conflicts of interest, and a new ordinance to revise the procurement of brand name or proprietary equipment, materials, and supplies. The City Auditor's Office also worked closely with the Department of Transportation to develop new criteria for evaluating the placement of school crossing guards. Furthermore, the City Auditor's Office formed an interdepartmental team to develop a Request for Qualifications and to select a firm to provide financial services to the City, the San José Redevelopment Agency, and the City's retirement plans. The City Auditor will solicit appointee input on the 2005-2006 Audit Workplan and continue to explore ways to increase cooperation with and provide assistance to the other appointees.
- Implement a "Fraud and Audit Hotline" as a pilot project. In 2005-2006, the City Auditor's Office, the Office of Employee Relations, and the City Attorney's Office will work together to implement a one-year "Fraud and Audit Hotline" pilot project. At the end of the year, the City Council will consider the benefits, costs, and other issues associated with the hotline and determine whether the hotline should continue.

Year 2: 2006-2007 – *Projected Service Strategies*

- The City Auditor's Office will continue to conduct performance audits and special audits and reviews as assigned; the Office will continue to conduct sales tax and other revenue-related audits; the Office will continue to improve its website and will continue to explore ways to increase cooperation with and provide assistance to other City Council Appointee offices.

Core Service: Audit Services

Office of the City Auditor

Core Service Purpose

Audit Services identify ways to increase the economy, efficiency, effectiveness and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders.

Key Operational Services:

☐ **Conduct performance audits**
☐ **Conduct special audits and reviews**
☐ **Conduct sales tax audits**
☐ **Conduct other revenue audits**
☐ **Facilitate annual financial audit and quarterly card room audits**
☐ **Recommendation follow-up**

Performance and Resource Overview

Audit Services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective, timely information to the City Council, City Administration, and the general public.

The Office tracks the implementation status of approved audit recommendations. From May 1985 through December 2004, the Administration implemented approximately 91 percent of 1,379 recommendations made by the City Auditor. In 2004-2005, an estimated 80% of recommendations were implemented within one year of adoption.

The Audit Workplan for 2004-2005 included 26 completed assignments that have resulted in the issuance of at least one audit report. Audit reports issued during 2004-2005 included an estimated 70 recommendations and identified roughly $10.7 million in estimated benefits. During 2005-2006, the Office will continue to focus on providing reliable and effective audit services through the efficient use of existing resources.

For 2005-2006, consistent with the direction from the Mayor's March Budget Message, budget reductions equal to the average reduction for non-public safety departments were approved in the Office of the City Auditor. The Office eliminated a Sr. Office Specialist position that has been vacant since January 2002 and defunded a vacant Sr. Program Performance Auditor that has been vacant since May 2004. The Office also reduced funding for student intern work hours.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Performance and Resource Overview (Cont'd.)

Audit Services Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of audit recommendations adopted by the City Council	100%	95%	100%	100%
🎯 % of audit recommendations implemented within one year of adoption	77%	80%	80%	80%
$ Ratio estimated audit benefit to audit cost	$8 to $1	$4 to 1	$4 to $1	$4 to $1
$ Ratio actual to estimated audit benefit	$1 to $1	$1 to 1	$1 to $1	$1 to $1
🕐 % of approved workplan completed or substantially completed during the fiscal year	89%	100%	100%	100%
🕐 % of audits completed within 30 days of the projected completion date	96%	90%	90%	90%
🎗 % of City Council members rating the reliability, timeliness and value of audit services good or excellent	97%	95%	100%	95%
🎗 % of auditees rating the reliability, timeliness, and value of audit services good or excellent	87%	95%	94%	95%
🎗 % of sales tax customers rating professionalism of audit services good to excellent	-	95%	100%	95%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of audit reports issued	25	22	20	22
Number of audit recommendations adopted	82	70	70	70
Number of audit reports per auditor	1.8 to 1	1.5 to 1	1.3 to 1	1.5 to 1
Estimated audit benefits (i.e., cost savings and revenue enhancements)	$16,824,414	$9,500,000	$10,150,100	$9,500,000
Actual audit benefits (i.e. cost savings and revenues received)	$16,833,040	$9,500,000	$10,650,000	$9,500,000
Number of businesses or other entities brought into compliance or assisted	1,135	90*	80	90

* In December 2003, the Rules Committee removed Business Tax Audits from the City Auditor's Workplan. As a result, the number of businesses or other entities that may be brought into compliance or assisted has significantly decreased.

Core Service: Audit Services

Office of the City Auditor

Performance and Resource Overview (Cont'd.)

Audit Services Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,194,801	$ 1,942,805	$ 2,094,555	$ 1,896,059	(2.4%)
Non-Personal/Equipment	28,612	92,531	92,531	92,531	0.0%
Total	**$ 2,223,413**	**$ 2,035,336**	**$ 2,187,086**	**$ 1,988,590**	**(2.3%)**
Authorized Positions	**17.00**	**16.00**	**17.00**	**16.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Temporary Audit Staffing Reduction		**(113,441)**	**(113,441)**

This one-time action holds vacant a Sr. Program Performance Auditor position, which has been vacant since May 2004. The Office currently has 10.0 Sr. Program Performance Auditor positions whose focus is to take on the more complex auditing assignments. (Ongoing savings: $0)

Performance Results:
Customer Satisfaction This vacancy will limit the Office's ability to reduce costs, continue to accomplish its revenue-related objectives and expand its capabilities to protect the City's revenue base.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Audit Staff Resource Reduction	**(1.00)**	**(61,940)**	**(61,940)**

This action eliminates a Sr. Office Specialist position that has been vacant since January 2002. The elimination of this position leaves only 1.0 Sr. Office Specialist to provide support to the Office. Since the position has been vacant since 2002, the duties of the Sr. Office Specialist have been absorbed by current staff. (Ongoing: $61,940)

Performance Results:
Customer Satisfaction This vacancy has limited the Office's ability to continue to accomplish its revenue-related objectives and expand its capabilities to protect the City's revenue base. Eliminating the position will freeze in place current reduced service levels. Other office staff, including Auditors, will continue absorbing work that the Sr. Office Specialist would normally perform.

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
3. Student Intern Program Hours		**(21,715)**	**(21,715)**

This action reduces work hours for the Office's Student Intern Program. The Office has amended the Program's structure, thereby reducing the number of student intern hours needed. (Ongoing savings: $21,715)

Performance Results:
Cost Impacts to City Auditor's operations are expected to be minimal.

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
4. Professional Development Program		**(1,400)**	**(1,400)**

This action suspends for one year a portion of the Professional Development Program reimbursement for management. (Ongoing savings: $0)

Performance Results:
Cost This change reduces budgeted costs without any effect on service delivery. A longer-term freeze, however, could affect the City's ability to retain these managers.

	Positions	All Funds ($)	General Fund ($)
2005-2006 Adopted Core Service Changes Total	**(1.00)**	**(198,496)**	**(198,496)**

Strategic Support CSA

Core Service: Strategic Support

Office of the City Auditor

Strategic Support represents services provided within the Office that support and guide the provision of the core service. Strategic support within the Office of the City Auditor includes:

☐ **Administrative Support** ☐ **Network Support**

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the core service of the Office. For 2005-2006, there are no resource changes.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 54,515	$ 322,226	$ 224,512	$ 224,512	(30.3%)
Non-Personal/Equipment	3,597	3,497	3,497	3,497	0.0%
Total	**$ 58,112**	**$ 325,723**	**$ 228,009**	**$ 228,009**	**(30.0%)**
Authorized Positions	**2.00**	**2.00**	**1.00**	**1.00**	**(50.0%)**

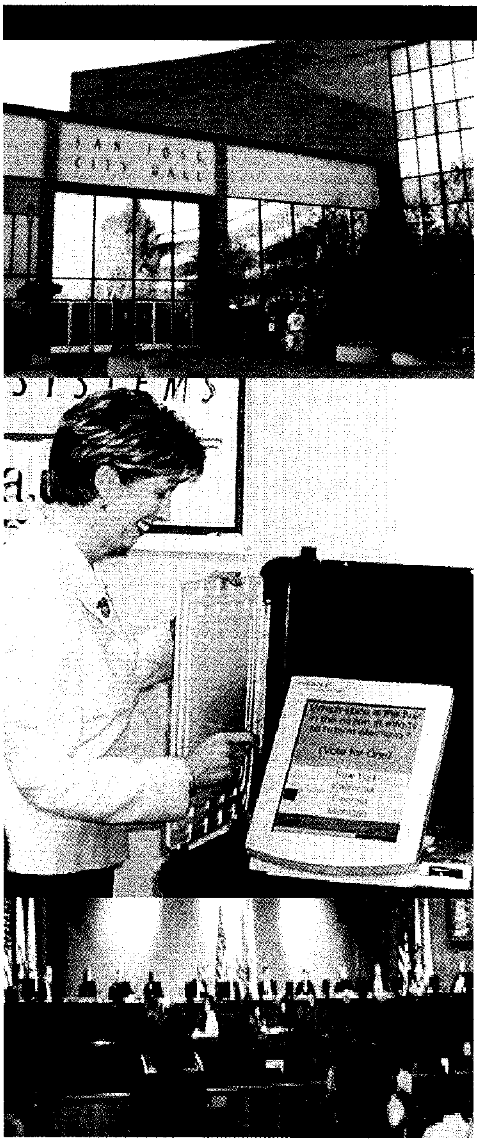
* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
NONE			

Strategic Support CSA

Office of the City Clerk



Mission: *Provide strategic support services and leadership to maximize public access to municipal government.*

The City Clerk is one of six City Council appointees. The Office of the City Clerk provides strategic support services to the legislative body, facilitating interaction between the legislative process and the community. The Office also conducts elections for Mayor, City Council and various ballot measures. The duties of the Clerk are outlined in the City Charter, the California Government Code, the San José Municipal Code and the Council Policy Manual. All City departments contribute to the City Clerk's delivery of services to the community.

Core Service — Facilitate the City's legislative process

Internal Partners — Mayor and City Council; City departments; designated city employees; Commission members

External Partners — Public; media representatives; other governmental agencies; Mayor and Council candidates; Commission applicants; registered lobbyists; community groups; bidders and contractors

Key Services —

- Integrity of the City's legislative process is preserved and the process is readily accessible to the public.
- The City Council is effectively supported in making public policy decisions by the delivery of high quality legislative services.
- Elections are conducted in accordance with the City Charter and state law for Mayor, Council Member and ballot measures.
- Recruitment and appointment processes for boards and commissions are administered.
- Council's Rules Committee, Elections Commission, Civil Service Commission and Blue Ribbon Task Force are staffed.
- The Municipal Code, City Charter, Council Policy Manual and all documents presented to Council are indexed for storage and retrieval, published when appropriate and made available.
- Campaign finance, conflict of interests and registered lobbyist filings are reviewed and made available to the public.
- Bids are opened for construction projects city-wide and contract documents are reviewed, processed and filed.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Current Position *How are we doing now?*

Managing the Office of the City Clerk to ensure that vital and mandated services are still provided despite the City's fiscal condition continues to be challenging. Equally challenging is improving and enhancing customer service by providing easier access to information with fewer resources. Pursuing cost-effective methods of service delivery while incorporating more advanced technologies to streamline paper-intensive processes and developing stronger partners within and outside of the organization will be a high priority for this Office in the next five years. The City Clerk's role in the legislative and elective processes requires neutrality and independence as key qualities in conducting the business of the Office. In a political arena, the City Clerk is the non-political and objective component.

While dealing with the City's depressed fiscal environment, the Office of the City Clerk has ensured:

- Elections for Mayor, Council Member, Charter amendments, bonds and ballot measures are conducted in accordance with the City charter and the State Elections Code.
- Council agenda packets, synopses and narrative minutes of City Council meetings are prepared, distributed and posted on the web. Council Committee agendas and packets are posted on the web.
- Recruitment and appointment processes for boards and commissions are administered both through Project Diversity and through direct Council interview and appointment processes as required.
- Council's Rules Committee, Elections Commission, Civil Service Commission, Blue Ribbon Task Force and the City Council Salary Setting Commission are staffed.
- Municipal Code, City Charter, Council Policy Manual and all documents presented to Council are indexed for storage and retrieval and made available to the public. The Municipal Code and Charter are published on the web.
- Campaign finance disclosure statements and statements of economic interests are filed in the Office according to state law and are made readily accessible for public review.
- Lobbyists are registered and lobbying activity statements are filed and made accessible for review.
- All City contracts are reviewed for administrative compliance, executed, indexed, distributed and filed.
- Bids are publicly opened for construction projects city-wide and notices to contractors are published in an appropriate newspaper as required by law.
- Legal publication of Notices of Public Hearing for the Planning Commission and the City Council are coordinated.
- Several office budgets, including those of the Mayor and City Council Offices, are managed by the Office of the City Clerk; and human resource/payroll processing services are provided for a staff of 85 people.

While extremely mindful of the City's fiscal condition and its impact on service delivery, absent a capital investment for automation and improved technology systems, opportunities to optimize the use of technology are limited to what can be automated and/or improved with current technology (i.e., current software programs, internet, etc.) Funding for technological improvements was allocated to the Office of the City Clerk as identified in the Mayor's June 2004 Budget Message and has been earmarked for several projects, including an on-line campaign finance disclosure and lobbyist registration and reporting. The Office has identified several projects that would help to streamline the Council Agenda process, enhance tracking of legislative history and improve the public records management program. Funding for these projects has not yet been identified.

Selected Community Indicators *What external conditions influence our strategies?*

Some examples of key community indicators that assist the Office with tracking trends and assessing performance are:

- Legislative Process: number of requests for information, customer satisfaction, timely packet/report distribution, and favorable progress on process assessments/improvements.
- Boards and Commissions: number of applicants to boards and commissions; number of commission vacancies.
- Internet Services: number of website hits, ability to post reports in a timely manner, ability to improve/expand internet services and resources.
- Lobbyist Activities and Campaign Disclosure: number of lobbyists registered and submitting statements of activities and number of candidate, officeholder and Political Action Committees (PAC) campaign financial disclosure statements filed.

Trends / Issues / Opportunities *What developments require our response?*

As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite service. Specific examples of trends, issues and opportunities include:

- The community's rising expectations for instant access (i.e., internet) to the City Council agenda.
- The organization's need for electronic access to vital records.
- The tremendous potential for providing on-line access to candidate and committee campaign disclosure statements and activity reports by lobbyists.
- The concept of streamlining appointments to and/or restructuring of the roles of Boards and Commissions.

The most important internal trends, issues and opportunities are ensuring that the Office remains flexible and agile, in light of staff and resource reductions, so that it can respond to customer demand quickly and accurately. Reduced staffing, coupled with the lack of systems automation, directly impacts the Office by making it increasingly more difficult to complete mandated functions and to provide strategic support to the Mayor's Office, the individual Council Offices and all City departments. Additionally, responding to Public Records Act requests, as well as internal requests for information becomes more difficult as the legacy indexing and tracking systems become older each year.

The Office plans to request additional funding in order to successfully complete development of the automation systems. As stated, most of what is done in the Office of the City Clerk is mandated and while the tasks cannot be eliminated, automating, streamlining and re-engineering processes to increase employee productivity and improve service delivery is required.

Policy Framework *What policies guide our strategies?*

The Office of the City Clerk operates within the framework of state and local law and Council policy:

- California Government Code including the California Elections Code
- City Charter
- San José Municipal Code
- Council Policy Manual

Key Strategic Goals & Objectives *Where are we going?*

The Office of the City Clerk has three strategic goals and objectives that cover the Office's tasks:

- Deploy technology resources effectively
- Increase efficiency of service delivery
- Maintain high customer service

Office of the City Clerk

TWO-YEAR INVESTMENT STRATEGY

Overview

The Office of the City Clerk's 2005-2006 investments reflect a strategy to continue maximizing public access to the legislative process, preserving mandated services, and supporting the organization with a reduced level of resources. The continued investment in the Office of the City Clerk allows for the remaining 12 positions in 2005-2006 to provide services directly related to the Office's single outcome, which is: The municipal legislative process is accessible and open to the community.

Key Investments & Objectives *How will we accomplish our goals?*

The proposed investment strategy as well as the detailed budget proposals for 2005-2006 presented in the core service section of the narrative result in the ability to maintain legally mandated functions with minimal delays. The proposed budget reductions have been strategically selected to diminish the impact to mandated services that the Office must perform.

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

Year 1: 2005-2006 – *Planned Service Strategies*

The continued investment in the Office of the City Clerk allows for the remaining 12 positions (including the City Clerk and the Assistant City Clerk) to provide services directly related to the Office's single outcome:

- Creating and distributing Council agendas, synopses, and minutes for all Council meetings.
- Successfully conducting municipal elections for Mayor, Council Members, ballot measures.
- Publishing all legally required Notices in adjudicated newspapers.
- Creating and maintaining a legislative history of Council actions and indexing and filing all public records, such that the records can be retrieved in a timely manner and the history is available and allows staff to provide research services for both internal and external customers.
- Posting all changes to the San José Municipal Code on the web upon adoption of each ordinance and printing updated Code pages for Code holders once a year.
- Accepting, reviewing and making available all Statements of Economic Interests and Campaign Disclosure forms required by the 1974 Political Reform Act.
- Processing the Governmental Lobbyist filings and posting updated listings of registered lobbyists on the web.
- Conducting the recruitment, application and selection process for Boards and Commissions.
- Conducting employee and retiree elections for Retirement Boards and two commissions which include members representing City employees.
- Providing administrative support services to the Elections Commission, Civil Service Commission, Rules Committee, Project Diversity Screening Committee and Council Salary Setting Commission.
- Providing strategic support budgeting, accounting, purchasing and personnel services to the Mayor's Office and the individual Council Offices as well as to the City Clerk's Office.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community (Cont'd.)

Year 2: 2006-2007 – ***Projected Service Strategies***

The Office of the City Clerk will continue to provide services directly related to the Office's single outcome as described in Year 1, however with further budget reductions, reductions in service delivery may not be avoidable, particularly in the following areas:

- Conducting the recruitment, application and selection process for Boards and Commissions.
- Conducting employee and retiree elections for Retirement Boards and two commissions which include members representing City employees.
- Providing administrative support services to the Elections Commission, Civil Service Commission, Project Diversity Screening Committee and when required, Council Salary Setting Commission, Redistricting Advisory Panel and the Charter Review Committee.
- Providing strategic support budgeting, accounting, purchasing and personnel services to the Mayor's Office and the individual Council Offices as we as to the City Clerk's Office.

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Core Service Purpose

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws.

Key Operational Services:

- ☐ **Prepare and distribute City Council meeting agenda, packet, synopsis and minutes**
- ☐ **Index and input legislative actions of the Council into filing systems**
- ☐ **Conduct board and commission recruitments/appointments**
- ☐ **Accept and make public lobbyist registration and disclosure forms**
- ☐ **Publish all legally required notices for the City**
- ☐ **Provide administrative support services to the Mayor's Office and to individual City Council Offices**
- ☐ **Respond to requests for information from customers**
- ☐ **Conduct all municipal elections in coordination with the County**
- ☐ **Accept, review, and make public all campaign finance forms and all Statements of Economic Interests**
- ☐ **Conduct employee/retiree elections for Retirement Boards**
- ☐ **Provide staffing to the Council's Rules Committee, the Civil Service Commission, the San José Elections Commission and Project Diversity Screening Committee**

Performance and Resource Overview

The Office of the City Clerk assists the City Council in accomplishing the legislative process and making that process readily accessible to the public. Personnel, fiscal and budgetary support services are provided to the Mayor's Office and the individual Council Offices. City-wide Board and Commission recruitment and appointment processes are administered and staffing is provided to the Boards, Commissions and Committees the Office oversees; i.e., the Council's Rules Committee, the Civil Service Commission, the Project Diversity Screening Committee, the San José Elections Commission, and the City Council Salary Setting Commission (in odd-numbered years). Elections are conducted in accordance with the City Charter, the Municipal Code, and the Election Code of the State of California for the purpose of electing City Council Members and the Mayor at the appropriate times and to submit measures to the electorate.

Ongoing issues include making the legislative process more accessible to the community while meeting weekly deadlines; filing and retrieving records of City Council actions and supporting material dating from the 1850s to the present; and researching methodologies for taking advantage of available technologies. The Office continues to work closely with the City Manager's Office and the Information Technology Department to streamline the Council and Committee agenda/packet process and to place more information on the City Clerk's web page. While the immediate result of this action is an increase in access to the documents that make up current agenda packets, in the future, this will build and improve access to the City Council's Legislative History. Continuing to review and administer highly complex election laws remains an important issue in any City Clerk's Office, and San José's recent review of campaign finance, lobbyist and Mayor/Council fundraising regulations and enforcement will remain an important issue for this Office in the upcoming year.

Opportunities to optimize the use of technology are currently limited to what can be automated and/or improved with current resources. The process by which City Council actions are tracked, contracts are indexed and retrieved, and memorandums and reports are presented to Council remains complex and labor-intensive. The Office continues to develop an electronic document management system, a project that was originally funded through the Mayor's June 2004 Budget Message, to help to manage some of these processes. The Office continues to explore "best practices" used by other large cities, consider partnerships with outside sources and work closely with the Information Technology Department to identify technological solutions to streamline workflow and increase efficiencies. Providing internal customers (the organization) and external customers (the public) with easy access to information remains a high priority goal for the Office of the City Clerk.

As an Office that provides strategic support services, the operational workload is driven by the needs of customers. Since the Office began tracking in 2003-2004 its % of information retrieval requests fulfilled within 24 or 72 hours, depending on availability, its results have consistently remained at 90% levels. The Office will try to improve upon that already excellent record and increase the rate to 95%. The activity and workload statistics monitor the transactions performed by City Clerk's staff and are often unrelated to the economic situation. The need to respond to the volume of transactions regardless of the resources available encourages the Office to explore alternative, more efficient methods of providing services. For example, the number of meetings staffed is estimated to have increased in 2004-2005 and to decrease in 2005-2006, while the number of contracts processed is estimated to have decreased from 2003-2004. Included in this budget is a reduction in printing costs for Municipal Code supplements, the elimination of the management Professional Development Program reimbursements on a one-time basis and the elimination of a vacant Senior Account Clerk position. To manage the Lobbyist registration process and to ensure compliance by city officials with the municipal code, the Council-approved Mayor's June 2005 Budget Message also provided an additional $50,000 to support a part-time Analyst position in the Office of the City Clerk.

Performance Measure Development

The Office continues to refine the performance measures used to track services. Adjustments made in 2004-2005 are now reflected in the following Performance Summary chart. The workload measure "Number of Council Agenda Items" has been dropped. The data is not meaningful because it is not used for decision making on how or when the agenda is prepared. Also, the customer satisfaction survey conducted in previous years had received such low response rates that the data was not reliable and therefore was not collected in 2004-2005. A more meaningful method

Performance and Resource Overview (Cont'd.)

of measuring customer satisfaction will be developed so that results can be better used for strategic management decisions.

Facilitate the City's Legislative Process Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of Council and Committee reports available on the web 7 days before the meeting	N/A	80%	70%	75%
$ Estimated cost to document & track legislative actions per Council meeting	$9,386	$7,761	$8,456	$8,000
🕒 % of information retrieval requests fulfilled within the time specified				
- Available in office – 24 hours	90%	90%	90%	95%
- Retrieval from storage – 72 hours	90%	90%	90%	95%
🕒 % of Council reports available at least 72 hours prior to a Council Meeting	88%	90%	81%	85%
🎗 % of customers rating the accessibility of information services provided as good or excellent	86%	85%	N/A*	85%
🎗 % of customers rating the Clerk's service delivery as efficient	86%	85%	N/A*	85%

* Previous survey methodology was deemed less than reliable because the response rate was so low. Better methods for measuring customer satisfaction are being explored.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of meetings staffed	172	175	190	170
Number of board/commission applications processed	195	200	165	120
Number of contracts processed	3,200	3,000	3,000	3,000
Number of Statements of Economic Interests processed	1,347	1,500	1,300	1,250
Number of campaign fillings processed	107	250	250	300
Cost of legal publications	N/A*	$110,000	$105,000	$120,000

* Data is not available as this measure replaces the older measure "number of column inches published."

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 992,269	$ 1,006,970	$ 1,041,592	$ 1,084,122	7.7%
Non-Personal/Equipment	744,742	855,675	935,675	1,154,175	34.9%
Total	**$ 1,737,011**	**$ 1,862,645**	**$ 1,977,267**	**$ 2,238,297**	**20.2%**
Authorized Positions	**12.50**	**11.00**	**11.00**	**11.50**	**4.5%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Services

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Municipal Code Updates and Other Non-personal/ Equipment Efficiencies		**(16,500)**	**(16,500)**

This action reduces funding to prepare the Municipal Code supplement and for various non-personal/equipment categories. The production of paper supplements reflecting updates to the Municipal Code will be reduced from twice per year to once a year on a one-time basis. The Code is updated twice a month on the web, providing easy access to Code revisions. Savings in duplicating costs and postage expenses are anticipated in 2005-2006 as the result of greater reliance on e-mail and web posting of documents. The use of new media in the New City Hall for recording City Council and Commission meetings limits the need to purchase audio cassettes. (Ongoing savings: $9,000)

Performance Results:
No significant changes to service levels are anticipated.

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Budget Changes By Core Services (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
2. Professional Development Program and Overtime Suspension		(4,470)	(4,470)

This action suspends for one year the Professional Development Program reimbursements for management as well as the overtime allocation for the entire department. Over the past two years, the Office has managed their overtime closely, spending on average just 14% of their overtime budget each year. (Ongoing savings: $0)

Performance Results:
No significant changes to service levels are anticipated.

3. City Clerk Reporting Oversight Staffing	0.50	50,000	50,000

This action follows the direction in the Mayor's June Budget Message to provide additional resources to assist the City Clerk's Office in meeting the new reporting requirements under the new ethics ordinance changes. This part-time Analyst will be responsible for monitoring and auditing the lobbyist registration process as well as ensuring that the Mayor and City Council Members remain in compliance with the Municipal Code. (Ongoing costs: $50,000)

Performance Results:
Quality This action ensures consistency in the administration, review and management of the lobbyist registration process.

4. Rebudget: City Clerk Technology		65,000	65,000

The rebudget of unexpended funds enables the Clerk to continue its process of office automation and electronic filing system implementation. (Ongoing costs: $0)

Performance Results: N/A (Final Budget Modification)

5. District Seven Special Election		167,000	167,000

This action follows the direction in the Mayor's June Budget Message to apply the salary savings and ending fund balance in Council District Seven and Council General to help offset the cost of the District Seven special election. (Ongoing costs: $0)

Performance Results:
No significant changes to service levels are anticipated.

2005-2006 Adopted Core Service Changes Total	**0.50**	**$261,030**	**$261,030**

Core Service: Strategic Support

Office of the City Clerk

Strategic Support represents the services provided within the Office that support and guide the provision of the core services.

- ☐ **Long Range Planning & Policy Development**
- ☐ **Financial Management**
- ☐ **Employee Services**

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the core service of the Office. In 2005-2006, the elimination of a vacant Sr. Account Clerk is included as well as savings in the Office's non-personal/equipment category was approved.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 131,576	$ 100,524	$ 170,922	$ 101,734	1.2%
Non-Personal/Equipment	-	18,131	18,131	15,131	(16.5%)
Total	**$ 131,576**	**$ 118,655**	**$ 189,053**	**$ 116,865**	**(1.5%)**
Authorized Positions	**1.00**	**1.00**	**2.00**	**1.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Strategic Support

Office of the City Clerk

Strategic Support Budget Changes

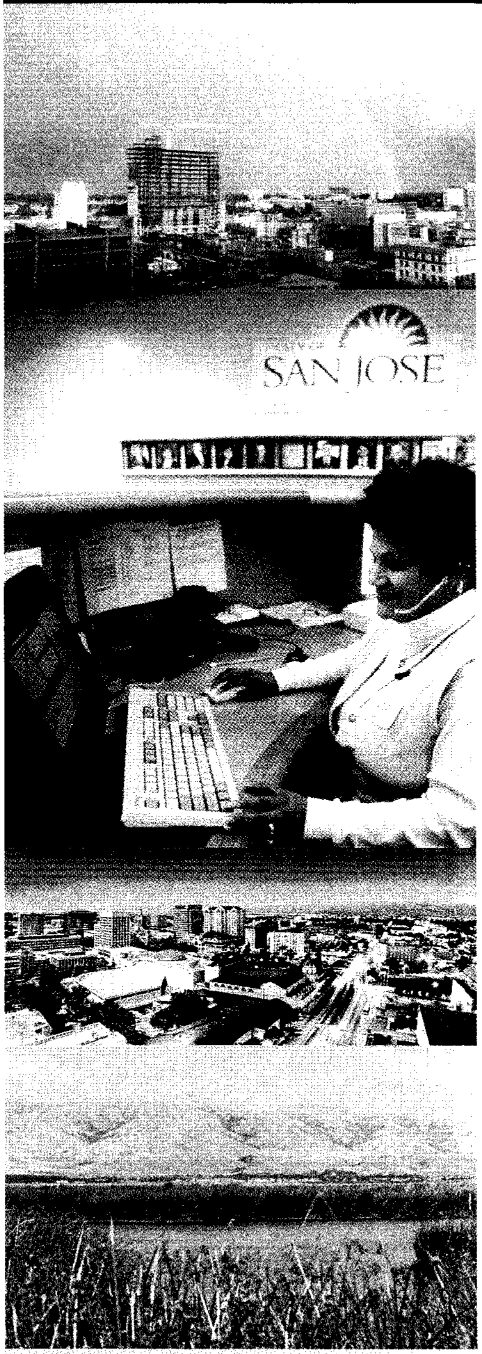
Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Administrative Support Staffing and Computer Software Efficiencies	(1.00)	(72,188)	(72,188)

This action eliminates a vacant Sr. Account Clerk, the only one in the Office of the City Clerk. This position provides budget processing and tracking services for the Mayor, City Council, as well as the Clerk's Office. An Analyst II and an Administrative Assistant have absorbed the Sr. Account Clerk duties. *(Ongoing savings: $72,188)*

Performance Results:
Cycle Time Impacts to the Office's ability to complete tasks in a timely manner are expected to be minimal since the responsibilities have already been reassigned and absorbed by the remaining staff.

2005-2006 Adopted Strategic Support Changes Total	**(1.00)**	**($72,188)**	**($72,188)**

Office of the City Manager



Mission: *Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs.*

The Office of the City Manager is responsible for leadership in ensuring the effective delivery of all municipal services, for providing professional expertise and support to the City Council regarding public policy, and for providing strategic leadership to the organization.

The Office of the City Manager has three core services, as listed below:

Manage and Coordinate Citywide Service Delivery – Provide strategic direction and management for city-wide operations and service delivery.

Analyze, Develop, and Recommend Public Policy – Provide professional expertise and support to the City Council in the formulation, interpretation and application of public policy.

Lead and Advance the Organization – Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

It is important to understand that these core services do not exist separately from one another. Rather, the goal of the Office of the City Manager is to get all three to work in concert. The City Manager strives to create an organizational culture and vision that drives all employees to deliver services to residents and businesses in ways that align with the policy direction set by the Mayor and Council.

This goal to bring these concepts together is the reason we have:

- organized the City based on City Service Areas (CSA's) and encouraged employees to work across CSA's to solve problems;
- developed a budget document and process that ties resource decisions to performance results and service priorities; and
- created new ways of doing business (such as the Strong Neighborhoods Initiative and the One Start Center) as we begin a new era of City services in the new City Hall.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent Police Auditor

Current Position *How are we doing now?*

- The City continues to face a structural imbalance in the General Fund budget, with expenditure obligations growing faster than revenues. The economy continues to be slow to show signs of recovery, particularly in areas that would change the revenue picture.
- The City will shortly be moving many of its services into a new City Hall, offering opportunities for redefining service delivery approaches, creating a place for communities throughout the City to come together, and providing a source of pride for all of San José.
- The City continues to be a leader on many fronts:
  - the safest big city in America
  - a national leader in innovation and productivity
  - the home of the world's first joint city-university library, and the Library System of the Year (named by *Library Journal*)
  - one of America's Most Livable cities (named by Partners for Livable Communities)
  - the top recycler among the nation's large cities, and the builder of the nation's first library to meet the U. S. Green Building Council's Leadership in Energy and Environmental Design (LEED) standards
  - the holder of excellent bond ratings, Aa1 and AA+, in recognition of responsible financial management
  - the winner of the 2004 Pedestrian Project Award from the Institute of Transportation Engineers and the Partnership for a Walkable America for the Street Smarts program
  - the winner of the Management Innovation Award from the American Public Works Association for the Capital Project Management System
  - the winner of awards for facility design (Alum Rock Youth Center) from the California Parks and Recreation Society
- Upcoming events such as the eBay Live conference and the San José Grand Prix present the City with opportunities to showcase downtown and reap short and long-term economic benefits.
- Serious errors in judgment related to the procurement of a converged network system for the City resulted in a series of investigations and an extensive set of management reforms designed to ensure accountability and integrity. The Office of the City Manager has instituted a Chief of Staff position, along with other changes designed to improve responsiveness and resource management. The complete redesign of the converged network procurement process resulted in lower costs while maintaining the new City Hall construction schedule.
- The "Decade of Investment" continues with the City's very extensive Capital Improvement Plan (CIP). It is anticipated that 800 projects will have been completed by the end of 2004-2005, including the Animal Care Center, new branch libraries, and numerous road improvements. Work continues on parks, library, and public safety projects funded by voter-approved bonds, among the 518 projects in the current 5-year CIP.

Selected Community Indicators *What external conditions influence our strategies?*

Rather than list separate community indicators, the Office of the City Manager examines community indicators in each CSA to assist in strategic planning. Some of the key indicators include:

- Aviation Services – monthly passengers, satisfaction ratings from airport neighbors
- Economic & Neighborhood Development – employment, customer satisfaction among the development community and neighborhood leaders involved in SNI
- Environmental & Utility Services – solid waste diversion, Water Pollution Control Plant discharge

Selected Community Indicators *What external conditions influence our strategies? (Cont'd.)*

- Public Safety – crime statistics, response times
- Recreation & Cultural Services – customer satisfaction, graduation rates
- Transportation Services – traffic safety ratings, street condition assessments
- Strategic Support – employee satisfaction ratings, on-time on-budget capital project delivery

Trends / Issues / Opportunities *What developments require our response?*

The key trends, issues, and opportunities that have been considered in the development of this Business Plan can be placed into two broad categories: those related to external forces and trends, and those that are more internally focused. Some of the key external issues include:

- The need to ensure that the long-term economic health of Silicon Valley in general and San José in particular remains strong.
- Community expectations for service continue to rise in spite of shrinking resources, demanding innovative solutions, community partnerships, and efficiency.
- Ethics has been a focus over the past year, as the Mayor's Blue Ribbon Task Force on Ethics has made various changes in the City's ordinances and procedures to improve the transparency of City government, and a Councilmember resigned his position after being censured by his colleagues.
- The continuing need to effectively influence regional, State, and federal actions, and to help shape policy at those levels in ways that advance the City's goals.

Internally, the most important issues requiring a response include:

- The ongoing structural imbalance in the City's budget in which expenditures are rising faster than revenues, and the need to work with all of the stakeholders involved (residents, businesses, the non-profit community, and employees) to find long-term solutions.
- City processes and structures must continue to evolve to be responsive to customers' needs as they develop, both in terms of timeliness and quality.
- The City's workforce is aging, so we need to proactively develop succession plans to ensure that the City continues to be well-managed in the future.
- The City's extensive capital improvement program continues to require strong systems to assure accountability for on-time, on-budget performance, extensive community outreach to ensure that projects meet community needs, and detailed analysis of the operations and maintenance impacts of these new facilities.
- Moving into the New City Hall presents opportunities to help employees and residents alike embrace the idea that services can be provided differently, and City Hall can become a center of community activity.

Policy Framework *What policies guide our strategies?*

Ultimately, all Council policies and direction guide the strategies of the Office of the City Manager. The Office maintains systems to constantly track Council policy and direction, and coordinates department and CSA activities to ensure that direction is followed and Council policy goals are met.

Key Strategic Goals & Objectives *Where are we going?*

In order to meet all the challenges detailed above, the Office of the City Manager will use a series of strategies. These will be guided by the Mayor and Council's priorities, and by the Manager's corporate priorities, including:

- Support for effective Council policy-making
- Performance-driven government
- Neighborhood-focused service delivery
- Customer service
- Employer of choice
- Effective use of technology

In all of our strategic initiatives, the Office of the City Manager works to ensure that its structure is sufficiently flexible to deal with changing priorities and new challenges. The focus is on marshaling the resources, both within the office and in City staff, necessary to accomplish the work at hand. By working across departments and across CSA's, we can get the right people in the room to handle the job at hand.

- Respond quickly to opportunities or problems related to Council priorities. Recent and current examples are preparations for the San Josè Grand Prix, the second Converged Network procurement process, and master planning for Coyote Valley and North San Josè.
- Realize the goals developed for the mission of the new City Hall, which include:
  - offering a wide array of customer services in one location
  - providing a central access point for information
  - sustaining a constant connection to the community
  - providing a successful working environment
- Develop a comprehensive succession plan by first analyzing how the organization should look in the future, then examining where key vacancies are likely to be, and determining how to develop candidates for those vacancies (through training, coaching, or redeployment) from current staff.
- Continue to dedicate significant resources (through two Deputy City Managers and the CIP Action Team) to guiding the progress of the CIP through the peak project delivery period, then transition an appropriate portion of those resources to supporting service delivery as the projects come on line.
- Continue to reshape the City organization and improve processes to ensure accountability, procurement process integrity, and internal communication.
- Continue to strengthen the Office's support of the Mayor and City Council to effectively influence regional, State, and federal actions affecting San Josè.
- Continue progress toward offering "One Start" and "One Voice" services that simplify customers' interaction with the City.
- Develop service approaches and staffing models for new community centers, libraries, public safety facilities, and other new facilities resulting from capital projects that streamline resources while maintaining high standards for responsive and courteous service.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

- Keep the structure of the Office of the City Manager sufficiently fluid that it allows the Office to evolve as it needs to throughout the five-year window encompassed by this plan, and stay focused on the key outcomes listed at the beginning of the plan:
    - Delivering customer-focused, results-driven services to the community.
    - Supporting the Mayor and City Council effectively in making public policy decisions.
    - Helping employees understand, commit to, and be accountable for the City's vision, and giving them the capacity to achieve it.

TWO-YEAR INVESTMENT STRATEGY

Overview

The Office of the City Manager investment strategy is designed to achieve the Office's key outcomes of delivering excellent services to the community, supporting the Mayor and Council's policy-making, and giving employees the capacity, understanding, and commitment to achieve the City's goals; while providing expenditure savings that contribute to constructing a balanced budget. The Office's structure is designed for flexibility, so that resources can be deployed as quickly as possible to the projects that most require them.

Key Investments & Objectives *How will we accomplish our goals?*

In order to achieve the goals of the investment strategy, the Office of the City Manager brought forward budget reductions that will have minimal effects on its ability to deliver service to the public, the Mayor and Council, and City employees. The only positions eliminated are ones that have been vacant for at least two years, and reductions in non-personal/equipment and city-wide expenditures are consistent with the overall reduction target percentage.

Outcome 1: The Community Receives Customer-focused, Results-driven Services

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

Outcome 3: Employees Understand, are Committed to and Accountable for the City's Vision, and Have the Capacity to Achieve it

All three outcomes have been combined, because most of the Office of the City Manager investment strategies relate to each of them. In cases in which the actions relate to a particular outcome, that is specified.

Year 1: 2005-2006 – ***Planned Service Strategies***

- Non-personal/equipment expenditures and carry-over encumbrances related to these expenditures such as travel, contractual services, and supplies and equipment purchases have been reduced. These reductions are not expected to have any effect on service delivery, as the non-personal/equipment reductions are commensurate with spending levels in the current year, and the carry-over encumbrances relate to expired contracts or projects that have been completed at a lower-than-budgeted cost.
- City-Wide expenditures for outreach programs, domestic violence prevention, management retreats and training, and the Sports Authority have been reduced by approximately 8%. Reductions for outreach programs and domestic violence prevention will be partially mitigated by the use of rebudgeted funds resulting from expenditure savings in past years. While this will reduce the flexibility in these appropriations, all planned activities for 2005-2006 will still be accomplished. The reduction in management retreats and training will be applied solely to retreats whose goals can be accomplished through other meetings. The Sports Authority reduction is consistent with the City's policy of asking community partners to take the same proportional reduction as taken by City departments.
- A vacant position in the Office of Employee Relations was reclassified to better align staffing to the service requirements, and to provide a better career path for the Office's employees.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Year 1: 2005-2006 – *Planned Service Strategies (Cont'd.)*

- Four vacant positions (three primarily related to Outcome 1 and one to Outcome 3) have been eliminated. Each of these positions has been vacant for at least two years, and other staff has absorbed the duties.

Year 2: 2006-2007 – *Projected Service Strategies*

- Non-personal/equipment expenditures and carry-over encumbrances related to these expenditures will be reduced. Annual reductions in these areas will reduce the Office's ability to take advantage of unexpected opportunities that arise during the year, because the budget is based on limited spending for planned activities. While another reduction in this area further constricts this ability, it is preferable to eliminating filled positions.
- City-Wide expenditures will be reduced at the same proportion as is imposed on City departments. It is expected that while it may be possible to soften the service level effects of this action somewhat, these reductions will force service reductions in outreach programs, domestic violence prevention, management retreats and training, and the Sports Authority.
- Position reductions are necessary again in 2006-2007. While the Office has made every effort to focus such reductions on vacancies, we do not anticipate having the ability to hold positions vacant in anticipation of reductions. The Office is operating with a very lean staff complement, and any vacancies will result in immediate service level effects. Our strategy is to re-align the Office and broaden job responsibilities in order to increase staffing flexibility. As we move into the new City Hall, the Budget Office and part of the Office of Economic Development will be in the same workspace as the other elements of the Office of the City Manager, and we expect to take full advantage of the opportunity to cross-train staff and bring together cross-functional teams to accomplish projects.

While these measures will make staff more flexible and ultimately more interchangeable, we expect that the workload of the Office will, if anything increase. As a result, these actions at best will create the capacity to keep up with that increased workload. Reducing positions will almost certainly result in reduced service and/or less timely response.

Core Service: Analyze, Develop, and Recommend Public Policy

Office of the City Manager

Core Service Purpose

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.

Key Operational Services:

☐ **Council Relations and Council/Committee Support**
☐ **Public Policy Development**
☐ **Intergovernmental Relations**
☐ **Budget**

Performance and Resource Overview

The City Manager's Office works to ensure that the City Council can rely on thorough, strategic, and impartial staff work in support of its decisions on City policy. The Council Relations and Budget staff focus on those goals, as well as assisting Council and its committees with logistics and other information needs. In addition, the Intergovernmental Relations staff assists Council in its efforts to influence policy-making and legislation in other government jurisdictions.

Positions assigned to this core service have not been reduced, in recognition of the importance of supporting the policy work of the Mayor and Council. In addition, the Office has created a new Chief of Staff function, which is focused in part on more extensive and detailed tracking of issues raised by the Mayor's Office or Council offices to ensure prompt follow-through and extensive communication. The Office also will continue its effort to provide excellent intergovernmental relations support to the Mayor and Council. Finally, this document is the best example of the Budget Office's commitment to provide the Mayor and Council with tools to assist them in the very difficult resource allocation decisions the City faces in these times of lean budgets.

Only one reduction was approved within this core service, a cut of approximately 14% of the non-personal/equipment budget. This change will have a minor effect on the current level of service being provided, due to efficiencies already being implemented.

Core Service: Analyze, Develop, and Recommend Public Policy

Office of the City Manager

Performance and Resource Overview (Cont'd.)

Analyze, Develop, and Recommend Public Policy Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
S % of variance from budgeted unrestricted ending fund balance for the General Fund	10.5%	10%	10%	10%

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of City Council agenda reports approved	1,800	2,100	2,000	2,000
Number of City Council referrals assigned	125	130	160	160
Number of City-sponsored bills	4	4	4	4
Number of legislative items reviewed	3,620	3,300	3,300	3,600

Analyze, Develop and Recommend Public Policy Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,815,182	$ 3,108,641	$ 3,157,860	$ 3,157,860	1.6%
Non-Personal/Equipment	232,630	324,685	435,401	398,186	22.6%
Total	**$ 3,047,812**	**$ 3,433,326**	**$ 3,593,261**	**$ 3,556,046**	**3.6%**
Authorized Positions	**25.80**	**26.30**	**26.25**	**26.25**	**(0.2%)**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Analyze, Develop, and Recommend Public Policy

Office of the City Manager

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. Non-Personal/Equipment Efficiencies		**(37,215)**	**(37,215)**

This action will reduce the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting). Efficiencies instituted over the last several years have reduced spending, so it is anticipated that this reduction will have only minor effects on current service levels. (Ongoing savings: $37,215)

Performance Results:
Cost This action would have a relatively minor effect on current service levels.

2005-2006 Adopted Core Service Changes Total	**0.00**	**(37,215)**	**(37,215)**

Core Service: Lead and Advance the Organization

Office of the City Manager

Core Service Purpose

Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

Key Operational Services:

☐ **QUEST Partnership**

☐ **Employee Relations**

Performance and Resource Overview

Although this core service lists just two key operational services, it is still a central function of the City Manager's Office. Setting a vision and direction that unites the organization and focuses it on a common destination is the foundation for achieving all of the City's goals.

In another challenging budget year, the Office is working with departments and CSAs to look at innovative ways to deliver services with limited resources. The Office has worked in close partnership with employee representatives to develop collaborative approaches to these issues, most importantly through collective bargaining agreements in which many bargaining units have agreed to forego pay increases in the current year in recognition of the City's budget challenges. The Office has also established numerous avenues through which employees can provide direct input regarding budget decisions, and also recently created the Fraud & Audit Hotline to provide employees another avenue to report issues of concern.

The reductions approved in this core service include the elimination of a position that was defunded on a one-time basis last year, the reclassification of a management position to improve the staff alignment of the Office of Employee Relations, and a reduction of approximately 14% in the non-personal/equipment budget, which are described elsewhere in this section.

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
🎯 % of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	73%	75%	76%*	76%
🎯 % of employees who say they utilize performance measures to track results and make improvements	35%	40%	45%*	45%
🎯 % of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	74%	75%	76%*	76%
🎯 % of administrative discrimination, harassment and accessibility complaint investigations resulting in a finding of cause	38%	10%	25%	15%

* Data reflect the Fall 2004 Survey. The next Employee Survey is scheduled for Fall 2006.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of "Step 3" grievances received*	16	20	22	20
Number of training sessions offered by the Office of Employee Relations	48	60	40	80
Number of formal disciplines received	48	60	45	50
Number of external fair employment complaints filed	15	15	15	15

* Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 1,551,483	$ 1,629,323	$ 1,722,477	$ 1,612,286	(1.0%)
Non-Personal/Equipment	125,678	104,140	104,140	89,040	(14.5%)
Total	**$ 1,677,161**	**$ 1,733,463**	**$ 1,826,617**	**$ 1,701,326**	**(1.9%)**
Authorized Positions	**15.40**	**13.40**	**14.40**	**13.40**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. QUEST Staffing	**(1.00)**	**(79,097)**	**(79,097)**

This action will eliminate a vacant Staff Specialist position in the QUEST Partnership. This position was defunded last year on a one-time basis. Remaining staff has absorbed the duties of the position. (Ongoing savings: $79,097)

Performance Results:
Cost This action will reduce costs without significantly changing current service levels. As a result of the reduction of this position, duties were spread among remaining staff, thereby reducing overall staff capacity.

2. Reclassification of Employee Relations Position		**(31,094)**	**(31,094)**

This action will reclassify the position of Assistant Director of Employee Relations to Assistant to the City Manager (Employee Relations Manager). The reclassified position better aligns to the service needs of the Office and provides a better career ladder for employees. (Ongoing savings: $31,094)

Performance Results:
Cost This change reduces budgeted costs without any effect on service delivery.

Core Service: Lead and Advance the Organization

Office of the City Manager

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
3. Non-Personal/Equipment Efficiencies		(15,100)	(15,100)

This action will reduce the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting). Efficiencies instituted over the last several years have reduced spending, so it is anticipated that this reduction will have only minor effects on current service levels. (Ongoing savings: $15,100)

Performance Results:
Cost This action will have a relatively minor effect on current service levels.

2005-2006 Adopted Core Service Changes Total	(1.00)	(125,291)	(125,291)

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Core Service Purpose

Provide strategic direction and management for city-wide operations and service delivery.

Key Operational Services:

- ☐ **Public Policy Implementation**
- ☐ **Neighborhood Partnerships/Strong Neighborhoods Initiative**
- ☐ **Major Capital Project Support**
- ☐ **Public Education & Community Outreach**

Performance and Resource Overview

The City Manager's Office leads and coordinates city-wide service initiatives, provides support to departments and CSA's in their service delivery, and provides outreach and other services directly in support of all of the City's services. The Office must constantly adapt to changing events, service needs, and Council priorities. The Office's focus is on helping the City organization align to the right priorities, and providing the support it needs to be successful in meeting those priorities.

Key priorities for 2005-2006 include:

- Leveraging the opportunity of moving into the new City Hall to deliver excellent service to our customers in ways that put their needs first
- Delivering capital projects on time, on budget, and reflecting community needs
- Taking advantage of economic development opportunities such as the San José Grand Prix, and working to create others in accordance with the Economic Development Strategy
- Maintaining San José's status as the safest big city in America
- Strengthening partnerships with the community through the Strong Neighborhoods Initiative and other programs
- Continuing to work on transportation priorities like bringing BART to San José, continuing traffic calming improvements, and maintaining traffic and pedestrian safety
- Working to continue to expand affordable housing opportunities
- Collaborate with neighbors, businesses, and airlines to shape the progress of the Airport Master Plan
- Develop plans and programs to help grow the professional capabilities of staff to prepare them to fill leadership roles in the future, and lead the further improvement of services to the public

Many of these efforts are described more fully in the sections of this document related to the CSA primarily responsible for them.

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Performance and Resource Overview (Cont'd.)

The Office has instituted management reforms to more closely tie each CSA to its City Manager's Office lead. Each CSA lead is responsible for overall leadership of the CSA's activities in areas such as Council policy, budget decisions, and signing of documents such as Council memos and requests for proposals.

The reductions related to this core service, described more fully below, are the elimination of a vacant position that had been defunded on a one-time basis in last year's budget, and a reduction of approximately 14% in the non-personal/equipment budget. Reductions to City-Wide appropriations related to this core service, including the elimination of a vacant Analyst II position along with non-personal/equipment funds in the Call Center, and an 8.2% reduction to the appropriations for management training, public outreach, domestic violence prevention, and the San José Sports Authority, are described in the City-Wide section of this document.

	Manage and Coordinate City-wide Service Delivery Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
◎	% of core services meeting or exceeding levels established by the City Council	69%	70%	66%	70%
◎	% of core services using formal customer feedback mechanisms to make improvements in service delivery	81%	85%	93%	85%
🕒	% of core services meeting or exceeding their cycle time targets	62%	65%	61%	65%
🎗	% of residents that are satisfied or very satisfied with the quality of City services	75%	75%*	75%*	75%
🎗	% of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	78%	78%*	78%*	80%
🎗	% of residents rating the quality of life in San José as good or excellent	73%	73%*	73%*	75%

* Data reflect the Fall 2003 Community Survey, which is the most recent. The next Community Survey is scheduled for Fall 2005.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Number of contracts/agreements approved	1,214	1,000	1,250	1,250

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Performance and Resource Overview (Cont'd.)

Manage & Coordinate City-Wide Service Delivery Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	$ 2,787,249	$ 2,852,856	$ 3,086,978	$ 2,979,883	4.5%
Non-Personal/Equipment	221,557	306,094	356,094	311,694	1.8%
Total	**$ 3,008,806**	**$ 3,158,950**	**$ 3,443,072**	**$ 3,291,577**	**4.2%**
Authorized Positions	**23.30**	**22.30**	**24.35**	**23.35**	**4.7%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds ($)	General Fund ($)
1. SNI/Council Events Staffing	**(1.00)**	**(107,095)**	**(107,095)**

This action will defund a vacant Senior Executive Analyst position focused on support for the Strong Neighborhoods Initiative and for Council events. This position was also defunded in 2004-2005. Remaining staff has absorbed the duties of the position. (Ongoing savings: $0)

Performance Results:
Cost This action will reduce costs without significantly changing current service levels. As a result of the reduction of this position, duties were spread among remaining staff, thereby reducing overall staff capacity.

2. Non-Personal/Equipment Efficiencies		**(44,400)**	**(44,400)**

This action will reduce the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting). Efficiencies instituted over the last several years have reduced spending, so it is anticipated that this reduction will have only minor effects on current service levels. (Ongoing savings: $44,400)

Performance Results:
Cost This action will have a relatively minor effect on current service levels.

2005-2006 Adopted Core Service Changes Total	**(1.00)**	**(151,495)**	**(151,495)**

Core Service: Strategic Support

Office of the City Manager

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Office of the City Manager includes:

☐ **Clerical Support**

☐ **Financial Management**

Performance and Resource Overview

The strategic support functions of the Office are essential to the successful provision of core services. For 2005-2006, the elimination of a vacant position defunded on a one-time basis in last year's budget was approved, along with a reduction of approximately 14% in the non-personal/equipment budget.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	$ 315,460	$ 254,301	$ 425,932	$ 318,837	25.4%
Non-Personal/Equipment	92,525	45,402	45,402	38,802	(14.5%)
Total	**$ 407,985**	**$ 299,703**	**$ 471,334**	**$ 357,639**	**19.3%**
Authorized Positions	**3.50**	**2.00**	**3.00**	**2.00**	**0.0%**

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Core Service: Strategic Support
Office of the City Manager

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
1. Administrative Staffing	(1.00)	(107,095)	(107,095)

This action will eliminate a vacant Senior Executive Analyst position focused on administrative functions. This position was defunded in 2004-2005. Remaining staff has absorbed the duties of the position. (Ongoing savings: $107,095)

Performance Results:
Cost This action reduces costs without significantly changing current service levels. As a result of the reduction of this position, duties were spread among remaining staff, thereby reducing overall staff capacity.

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
2. Non-Personal/Equipment Efficiencies		(6,600)	(6,600)

This action will reduce the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting). Efficiencies instituted over the last several years have reduced spending, so it is anticipated that this reduction will have only minor effects on current service levels. (Ongoing savings: $6,600)

Performance Results:
Cost This action will have a relatively minor effect on current service levels.

Adopted Strategic Support Changes	Positions	All Funds ($)	General Fund ($)
2005-2006 Adopted Strategic Support Changes Total	(1.00)	(113,695)	(113,695)

2005-2006

OPERATING BUDGET

STRATEGIC SUPPORT CSA

CITY-WIDE

Strategic Support CSA

City-Wide Expenses

Overview

The Strategic Support Program includes funding to design, build and maintain City facilities, manage the City's financial and technology systems, and ensure the City has qualified, well-trained employees to deliver quality services.

Budget Summary

City-Wide Expenses Resource Summary*	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Strategic Support	$ 35,302,289	$ 47,048,450	$ 48,349,745	$ 55,492,606	17.9%
Total	**$ 35,302,289**	**$ 47,048,450**	**$ 48,349,745**	**$ 55,492,606**	**17.9%**
Authorized Positions	**13.00**	**13.00**	**14.00**	**14.00**	**7.7%**

* For a complete listing of allocations for the Strategic Support Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)

1. **Arena Authority Consolidation** **(48,800)**

This action consolidates the Arena Authority with other economic development functions in the Office of Economic Development. This should result in greater efficiencies and allow for the development of asset management for other facilities which drive local economic activity. (Ongoing savings: $48,800)

2. **Customer Service Call Center Administration** **(119,810)**

This action continues to defund a vacant Analyst II position in the Call Center, and will reduce the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting). (The position was defunded last year on a one-time basis.) Remaining staff will continue to absorb the duties of the position to the extent possible. Efficiencies instituted over the last several years have reduced non-personal spending, so it is anticipated that this reduction will have only minor effects on current service levels. (Ongoing savings: $24,500)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
3. Community Based Organizations Funding Reduction		**(44,636)**

This action reduces funding for community based organizations by the same average percentage reduction as approved for non-public safety city service areas. For the City-Wide Expenses Strategic Support Program, *this action reflects an 8.2% reduction for the Sports Authority* ($44,636). The City Manager's Office and the Office of Economic Development will work with this organization to minimize service delivery impacts. (Ongoing savings: $44,636)

4. Downtown Employee Parking		**(615,600)**

This action eliminates the reimbursement to the General Purpose Parking Fund for Downtown Employee Parking, to reflect the current economic situation. This subsidy was to have been eliminated in 2006-2007 due to the consolidation of City employee parking into a newly constructed garage. This action accelerated that elimination by one year. (Ongoing savings: $615,600)

5. City Manager's Office Appropriations		**(19,100)**

This action reduces the budget for the Management Training ($8,200) and Public Outreach ($10,900) appropriations by 8.2%, consistent with the amount by which the City Manager's Office budget is proposed to be reduced. No service level impact is expected with these reductions. (Ongoing savings: $19,100)

6. Displaced Employees Transition Funds		**250,000**

This action establishes funding in the amount of $250,000 to be used for transitioning any individuals who may be involved in filled position reductions. (Ongoing costs: $0)

7. Payroll/Human Resources Project		**1,475,000**

This action will provide funding to upgrade the Oracle PeopleSoft HR/Payroll System from version 8.01 to 8.9. Oracle PeopleSoft will discontinue update support for the City's current version in March 2006. The application updates include tax table change information, W2 printing program updates and all federal and State regulatory changes that affect payroll processing. This will also cover training, contractual support and temporary staffing costs. (Ongoing costss: $0)

8. Workers' Compensation Program		**(6,586,670)**

This action reduces funding for Workers' Compensation Claims ($6,500,000). The declining costs are due primarily to the continuing lower number of claims resulting from implementing of proactive safety programs in line departments and the implementation of new workers' compensation laws. In addition, an Analyst II position in the Employee Services Department that is funded in this program has been eliminated resulting in savings of $86,670. (Ongoing savings: $6,594,206)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
9. Miscellaneous Rebudgets		**12,852,477**
The rebudget of unexpended 2004-2005 funds will allow for the completion of the projects listed below in 2005-2006. (Ongoing costs: $0)		
Banking Services		50,000
City Outreach and Education Efforts		300,000
Community Report Card		123,110
Computer Systems Master Plan		127,884
Council Member Transition		19,900
e-Government Implementation Project		190,000
Energy Usage		520,811
General Liability Claims		3,450,000
Geographic Information Systems		115,272
Investing In Results Efforts		70,000
Major Space Renovations		248,000
Mayor and City Council Travel		25,000
New City Hall Insurance		361,000
Payroll/Human Resources Project		29,500
Revenue Enhancement Consulting Services		497,000
Securities Custody Services		25,000
Senior Staff Home Loan Assistance Program		1,000,000
Sick Leave Payments Upon Retirement		2,020,000
Workers' Compensation Claims		3,680,000
2005-2006 Adopted Program Changes Total	**0.00**	**7,142,861**

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves *Strategic Support CSA* Resource Summary*	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Capital Contributions	$ 3,040,479	$ 8,327,348	$ 600,000	$ 6,564,348	(21.2%)
Transfers to Other Funds	0	0	2,550,000	50,000	N/A
Earmarked Reserves	N/A	35,630,636	17,546,000	36,980,891	3.8%
Contingency Reserve	N/A	24,473,675	23,962,000	24,819,462	1.4%
Total	**$ 3,040,479**	**$ 68,431,659**	**$ 44,658,000**	**$ 68,414,701**	**(0.0%)**
Authorized Positions	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

---

* For a complete listing of allocations for the Capital Contributions, Transfers to Other Funds, and Earmarked Reserves Programs for the Strategic Support CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund ($)
1. Capital Contributions: Rebudget of 2004-2005 Projects		**5,964,348**

This action provides for the rebudgeting of funding for completion of capital projects authorized in 2004-2005. Major projects in the Strategic Support CSA include COPS 2003-2004 Interoperable Communications Grant ($4,818,348), Alviso Education Center ($400,000) and Arena Repairs ($315,000). (Ongoing costs: $0)

2. Transfers to Other Funds: Vehicle Replacement/ General Fleet		**(2,500,000)**

This action eliminates the transfer from the General Fund to the Vehicle Maintenance and Operations Fund for vehicle replacement of the general fleet, a portion of which ($750,000) is ongoing. (Ongoing savings: $750,000)

3. Earmarked Reserves: New City Hall Operating and Maintenance, Computer, and Equipment Reserves Elimination		**(6,250,000)**

This *action* liquidates Earmarked Reserves *for* New City Hall Operating and Maintenance ($5,900,000), Computer ($250,000), and Equipment ($100,000). Elsewhere in this document, the New City Hall Operating and Maintenance Reserve was allocated for the operating and maintenance costs associated with the New City Hall. Because these costs were reduced slightly from the originally forecasted level, a portion of these funds can be applied to overall General Fund budget balancing solutions. (Ongoing savings: $5,900,000)

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund ($)
4. Earmarked Reserves: Salary and Benefit Reserve - Voluntary Furlough and Special Reduced Work Week		**(300,000)**

This action reduces the Salary and Benefit Earmarked Reserve to reflect the savings expected to result from a voluntary furlough and special reduced work week program for employees in 2005-2006. Implementation of this program is subject to the meet and confer process with the City's bargaining units. In order to minimize impacts to City operations and service levels, the programs will not result in a city-wide closure, but will be implemented having employees schedule unpaid time off at some point during the fiscal year. (Ongoing savings: $0)

5. Earmarked Reserves: Salary and Benefit Reserve - Public Safety Compensation		**5,000,000**

Per the Mayor's March Budget Message for 2005-2006, this action transfers a portion of the existing Economic Uncertainty Reserve to the Salary Reserve to potentially be used to address impacts from current ongoing salary and benefit negotiations with the City's Public Safety bargaining units. (Ongoing costs: $5,000,000)

6. Earmarked Reserves: Rebudgets		**20,984,891**

This action provides for the rebudgeting of unexpended 2004-2005 funding from various Earmarked Reserves listed below. (Onetime cost: $0)

Workers' Compensation/General Liability	10,000,000
Future Capital Projects/SNI	5,253,118
Salary and Benefit	4,237,048
e-Government Applications	1,310,000
Geogrpahic Information Systems	184,725

7. Contingency Reserve: Rebudget		**857,462**

This action rebudgets unused 2004-2005 funding included in the General Fund Contingency Reserve. (Ongoing costs: $0)

2005-2006 Adopted Program Changes Total	**0.00**	**23,756,701**